

**Luck Egalitarianism and the Social Democratic Welfare State**  
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**ABSTRACT:** Egalitarian political theorists have increasingly linked the ideal of equality to notions of choice, luck, and responsibility. However, in recent years, this approach, which has become known as “luck egalitarianism,” has faced strong criticism on a number of fronts. Much of this criticism has been centred around the practical implications of luck egalitarianism. Because it depends on judgements about the extent to which individuals are responsible for their condition, opponents suggest that luck egalitarianism can only be achieved through a highly intrusive welfare state that subjects welfare recipients to demeaning assessment procedures and treats citizens with disrespect. This is inconsistent with traditional egalitarian support for the universal, social democratic welfare state. In this paper I will argue against this claim, exploring two central reasons why luck egalitarianism is best achieved through a social democratic welfare state, which seeks to provide social protection through the universal provision of welfare goods and services. Firstly, I will suggest that luck egalitarianism actually implies equality of outcome when applied to modern societies, where most of the inequalities that exist between individuals largely reflect pre-existing, background inequalities. The social democratic welfare state is likely to secure more egalitarian outcomes than the liberal model. Secondly, I argue that there is a close link between luck egalitarianism and de-commodification, as is evidenced by G.A. Cohen's approach to the issue of compensation for expensive tastes. This establishes a strong link between luck egalitarianism and universal social provision.

Luck egalitarianism is an influential approach to egalitarian justice associated with the work of theorists such as Ronald Dworkin, G.A. Cohen, Richard Arneson, John Roemer, Thomas Nagel, and Philippe Van Parijs. It holds that the fundamental aim of egalitarianism is to neutralise the impact of luck on the level of advantage individuals enjoy, whether this is understood in terms of utility, social resources, or primary goods. It represents an attempt to develop a brand of egalitarianism that holds individuals responsible for the different choices that they make.<sup>1</sup>

Luck egalitarianism is based around the concepts of brute luck and option luck which were first outlined by Ronald Dworkin (1981, reprinted 2000, p. 73):

*Option luck is a matter of how deliberate and calculated gambles turn out-- whether someone gains or loses through accepting an isolated risk he or she should have anticipated and might have declined. Brute luck is a matter of how risks fall out that are not in that sense deliberate gambles. If I buy a stock on the exchange that rises, then my option luck is*

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<sup>1</sup> The term “luck egalitarianism” was first used in Anderson 1999.

*good. If I am hit by a falling meteorite whose course could not have been predicted, then my bad luck is brute (even though I could have moved just before it struck if I had had any reason to know where it would strike).*

Individuals must bear the consequences of option luck, which arises from risks we have taken, but not for the effects of brute luck. Thus, luck egalitarianism shifts notions of individual choice and responsibility to the heart of egalitarian justice.

However, critics have increasingly attacked the emphasis on individual responsibility in luck egalitarianism (Wolff 1998; Anderson 1999; Scheffler 2003; Phillips 2004). They point out that in practice, determining whether individuals are responsible for the level of advantage they enjoy involves an intrusive state apparatus that makes highly demeaning and moralistic judgements about citizens' natural abilities, social background and choices. For instance, if we are interested in the relative income individuals enjoy, we must focus on factors relevant to their success in the labour market which means assessing characteristics such as natural talent (or lack thereof), family background, choice of occupation, and effort in the workplace. We must also assess whether they have made prudent judgements in their “personal” life. For instance we might be interested in whether they have chosen a partner who is likely to earn a high income (see also Coram 1997, 66), and whether they have decided to have children at an appropriate time, given their financial situation. Many are repelled by the idea that the state should collect such information, or even make such judgements.<sup>2</sup>

Moreover, in supporting this role for the state, luck egalitarianism adds moral weight to the increasingly paternalistic, intrusive and demeaning nature of social policy in the Anglo-American world. In recent years, governments have tightened the eligibility criteria for receiving benefits. Recipients must do increasingly more to “prove” that they truly need and deserve social support,

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<sup>2</sup>Underlying these criticisms is a different interpretation of egalitarianism that emphasises the importance of social equality, rather than distributive equality. Unfortunately, a detailed discussion of social equality is beyond the scope of this paper.

and these requirements are tightly policed by authorities. Critics argue that this approach to welfare policy is inconsistent with egalitarianism and, as such, luck egalitarianism is a flawed interpretation of egalitarian justice.

There have been a number of recent attempts to explain why this approach to social policy is inconsistent with our intuitive understanding of egalitarianism, and how this affects luck egalitarianism. Wolff (1998), for instance, has argued that egalitarianism involves principles of both fairness *and* respect. The reason intrusive welfare policy is concerning to egalitarians is because it violates the principle of respect for all citizens. That is, it assumes that welfare recipients are cheating the system which is a profoundly disrespectful judgement to make. In contrast, the principle of fairness (which is similar to luck egalitarianism) depends on making judgements about individual responsibility, and so lends support to such intrusive forms of social policy. Consequently, there is tension between fairness and respect in egalitarian thought. In implementing the principle of fairness, egalitarians must also take into account the principle of respect, which leads them away from this approach to social policy. In essence, Wolff's argument positions luck egalitarianism as a legitimate principle of equality, but one that must be balanced against another *egalitarian* principle, which gives support to universal forms of social provision.

G.A. Cohen, on the other hand, has argued that we need to avoid confusing our motivating concerns. His famous outline of a luck-egalitarian theory defends a weak equalisandum claim, which "says that... [people] should be as equal as possible in some dimension but subject to whatever limitations need to be imposed in deference to other values" (Cohen 1989, 908). If privacy is one of these non-egalitarian "other values" to which egalitarians should defer, it might provide a reason to avoid implementing luck egalitarianism through intrusive and demeaning forms of social policy. In a more recent and explicit response to luck egalitarianism's critics, Cohen (2003, 244-5) has also emphasised that we must distinguish between principles of regulation (which are

sensitive to facts such as practical feasibility) and fact-insensitive principles, which are not. The fact that luck egalitarianism can only be implemented, in practice, with a repellent degree of state interference is no reason to reject it at the fact-insensitive level. It simply means that we lack the policy instruments to satisfactorily implement the fact-insensitive principle we find compelling. Thus, the critics of luck egalitarianism do not mount a decisive challenge to the theory.

Although both Wolff and Cohen's arguments are strong ones, they may give up more ground than they need to. I will argue that in reality, luck egalitarianism does not lend support to intrusive, conditional welfare policies in the way its critics suggest. It is best implemented through a social democratic welfare state, which emphasises the universal provision of goods and services, rather than the liberal model with its emphasis on conditional payments.<sup>3</sup> Moreover, at a deeper level, luck egalitarianism can explain why the current direction of social policy offends the principle of egalitarian justice, without drawing on non-egalitarian values. I develop the first strand of this argument in section 2, and the second in section 3. Section 1 will outline the two models of the welfare state that underlie the debate between luck egalitarianism and its critics.

## **1. COMPETING APPROACHES TO THE WELFARE STATE**

In an influential study, Gosta Esping-Andersen argues that three different models of the welfare state emerged in advanced economies over the twentieth century: the liberal model, the corporatist model, and the social democratic model (Esping-Andersen 1990).<sup>4</sup> To support this claim, Esping-Andersen makes extensive use of statistical data to compare welfare states in the OECD. He shows that certain countries have welfare states with similar characteristics and concludes that three broad

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<sup>3</sup>Throughout the paper I assume that we are working within a capitalist system. Thus, I assume that the main instrument for achieving distributive justice is the welfare state. This is not to deny that more radical approaches, such as socialism or market socialism might be better means of implementing luck egalitarianism. Rather, it is simply to assume that such radical reform seems unlikely in the near future, which means that it is still important for egalitarians to engage in more limited debates over the nature of social policy.

<sup>4</sup>I will focus on the liberal and social democratic models in this paper. I do not believe that the corporatist model is of particular relevance to the debate over luck egalitarianism.

approaches exist. Esping-Andersen is not saying that all countries have a welfare state that perfectly matches one of these three models, acknowledging “that there is no single pure case (Esping-Andersen 1990, pp. 28-9).” However, his research suggests that welfare states do tend to approximate one of these three approaches.

The critics of luck egalitarianism associate it with the kind of intrusive, judgemental and ungenerous approach to social policy that, according to Esping-Anderson tends to be associated with the liberal welfare state. In the liberal welfare state, “mean-tested assistance, modest universal transfers, or modest social-insurance plans predominate. Benefits cater mainly to a clientele of low-income, usually working-class, state dependants. In this model, the progress of social reform has been severely circumscribed by traditional, liberal work-ethic norms: it is one where the limits of welfare equal the marginal propensity to opt for welfare instead of work. Entitlement rules are therefore strict and often associated with stigma; benefits are typically modest. In turn, the state encourages the market, either passively-- by guaranteeing only a minimum-- or actively-- by subsidizing private welfare schemes (Esping-Andersen 1990, pp. 26-7).” Esping-Andersen believes that countries such as the US, Canada and Australia have welfare states that fit this model.

Underlying the liberal approach is a desire to support the market and market outcomes (Esping-Andersen, 42-4). Ideally, those who can afford it should protect themselves against future risk by taking out social insurance. However, the state will need to provide a residual welfare safety net for those who fall outside the scheme of social insurance. The benefits provided tend to be limited, designed to meet the basic needs of the deserving poor without otherwise subverting market outcomes. Benefits are generally *conditional* upon citizens meeting certain criteria, which are designed to test whether they are genuinely needy and deserving of support. Usually, welfare recipients must satisfy a means-test, which is designed to exclude those who could meet their basic needs by relying on income or assets from other sources, and a work test, which is designed to

exclude those who are able meet these needs through paid employment. To prove that they satisfy this criteria, recipients are subjected to intrusive interference by the state. For instance, in Australia, the unemployed must regularly submit dole diaries, to show that they have attended the required number of job interviews. They are generally expected to take whatever job is offered. They are required to attend job interviews with Centrelink employees who have the power to strip them of their benefits if they are deemed not to have satisfied the relevant criteria. They must also participate in Work for the Dole programs.<sup>5</sup> Similar criteria are attached to other welfare payments. For example, in a recent development, recipients of the sole parent payment in Australia may now be required to find two referees who can vouch for their single status (Horin 2005). Critics of these policies argue that they are intrusive and demeaning to welfare recipients. Critics of luck egalitarianism argue that it lends support to such policies by linking distributive justice to notions of individual responsibility.

In contrast, egalitarian forms of social protection in capitalist societies tend to be associated with the social democratic welfare state. Under this model, generous welfare services and benefits are provided universally. Rather than targeting benefits at the needy, forcing others to achieve social protection through the market, all citizens, including the more affluent middle classes are entitled to receive assistance. As Esping-Andersen puts it:

*Rather than tolerate a dualism between state and market, between working class and middle class, the social democrats pursued a welfare state that would promote an equality of the highest standards, not an equality of minimal needs as was pursued elsewhere. This implied, first, that services and benefits be upgraded to levels commensurate with even the most discriminating tastes of the new middle classes; and, second, that equality be furnished by guaranteeing workers full participation in the quality of rights enjoyed by the better-off (Esping-Andersen, p. 27).*

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<sup>5</sup>For an overview of recent developments in Australian welfare policy see Disney 2004.

This approach is in marked contrast to the limited, targeted welfare payments and services that characterise the liberal welfare state.

The social democratic welfare state represents a significant challenge to market outcomes. In a free market economy, most goods and services are commodities which are bought and sold at prices determined by the market (Goodin, et al., p. 49). But a social democratic welfare state is associated with a high degree of decommodification, providing a range of benefits and services universally, particularly in areas such as health, education, housing, and income security (Goodin, et al., 49). In the social democratic model, citizens are able to satisfy their needs in these areas through the state, not the market. Instead of buying the health services you need at a market-determined price, they are provided by the state universally (that is, to all citizens, on the basis of need). In this way, these benefits and services are no longer commodities. The fact that they are provided to all citizens unconditionally also decommodifies labour (Esping-Andersen 1990, 44-7). In a liberal welfare state, one is obliged to look for paid employment, and to accept any jobs on offer. But if citizens are able to meet their needs through universal services provided by the state, they have more control over their labour power. If the state provides unconditional access to the basic necessities of life, workers have more choice over whether they work, the type of work they perform, and the conditions under which they do so. Because it provides a more generous level of social support, decommodifies workers' labour, and avoids the intrusive and demeaning policies associated with the liberal model, the social democratic welfare state seems to be more consistent with egalitarian ideals.

These models are intended as ideal-types, so no country completely embodies each model. However, in recent years, many Anglo-American nations seem to be heading even further down the liberal path, which emphasises the importance of providing welfare to the “truly needy.” Increasingly, they seek to avoid distorting market outcomes by closely targeting welfare benefits

and services and closely monitoring the lives of welfare recipients in an attempt to prevent people from receiving welfare unless they are deemed to truly need it. Underlying this is the idea that we must avoid decommodification-- people should seek social protection through the market unless it is absolutely impossible for them to do so. As I explained above, luck egalitarianism has been criticised for lending support to this approach. After all, determining whether a person's condition is the result of choice or brute luck seems to involve the very kind of intrusive judgements associated with the liberal welfare state. In the remainder of the paper, I will challenge this characterisation of luck egalitarianism.

## **2. EQUALITY OF OUTCOME AND UNIVERSAL PROVISION**

For a start, no cohesive theory of luck egalitarianism could accept the market distribution of income and wealth in contemporary societies as just. Luck egalitarians are right to emphasise the importance of choice and responsibility to egalitarian justice, but they must also be sensitive to the impact background inequalities have on the different choices that different individuals make. Dworkin (2000, 76) recognises this, implying (at least at one point) that option luck only justifies inequality in a world where there is a degree of equality of opportunity for all. That is, choice can only excuse inequality between individuals if they have a similar range of options available to them or, to use Dworkin's precise words, "everyone has in principle the same gambles available to him". If background inequality affects the choices we make and the outcomes that emerge, then presumably luck egalitarians should ascribe the inequality that emerges to brute luck, not option luck.

Although practically implementing luck egalitarianism would require that the state make precise judgements about individuals on a case-by-case basis, working with detailed information about their genetic make-up, family background and educational history, it is impossible and (for

non-egalitarian reasons such as privacy and economic efficiency) undesirable for this to occur. Rather than making individual judgements, public policy-makers must generally look at overall patterns when formulating policy. So rather than assessing individuals in detail, they need instead to look at the overall nature of inequalities in society in order to assess whether they are largely the result of option luck or brute luck.

In reality, much of the inequality that exists in society today is the result of brute luck. This seems obvious when you think about the differences in natural ability, family environment, educational opportunity and inherited wealth that exist in advanced capitalist nations. Against this background, it seems difficult to argue that a similar range of options are open to all individuals, so few inequalities can be attributed to option luck. Although there is insufficient room here to fully justify this claim, it is supported by recent research which highlights the limited nature of intergenerational economic mobility in America (Bowles, et al. 2005). In particular, Mazumder (2005) suggests that the level of intergenerational elasticity in earnings in the US is 0.62, which indicates that there is actually *less* mobility than previously thought.<sup>6</sup> Moreover, his research suggests that 50 percent of men with fathers in the bottom earnings decile earn below the 30<sup>th</sup> decile. In contrast, over half of those with fathers in the top decile earn above the 80<sup>th</sup> percentile (Mazumder 2005, 92). At either end of the earnings spectrum, men have a high chance of ending up with similar earnings to their fathers. Of course, this does not prove conclusively that earnings in the US entirely reflect the impact of brute luck, but it does suggest that background inequalities have a significant impact on the earning capacity of Americans. Given evidence of such a strong link between the economic success of fathers and sons, and given the state's need to make policy decisions based on general judgements about the overall patterns of inequality in society, it is difficult to avoid the conclusion that most of the inequalities which exist in the US should be

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<sup>6</sup>To put this in perspective, a figure of 1 would indicate a very high level of intergenerational elasticity, where there is little class mobility. In contrast, 0 would indicate that there is a very high level of mobility, where there is generally no connection between father-son earnings. See Mazumder 2005, 83-4.

considered the compensable results of unchosen brute luck. Thus, the best way for governments to implement luck egalitarianism in the real world is to aim for equality of outcome.<sup>7</sup>

If this conclusion is correct, then the social democratic welfare state is more likely to successfully implement luck egalitarianism than the liberal alternative because it leads to a more equal distribution of income. Once again, I only have room for brief discussion of this point. But the evidence does seem to suggest that the social democratic welfare state is the most successful at reducing inequality (Fenna 2004, 336). A recent study by Goodin et al. (1999) compared the performance of three countries which represent each of Esping-Andersen's welfare state models.<sup>8</sup> In terms of inequality, the social democratic welfare state, represented by the Netherlands, finished out on top. In the Netherlands, based on average income over a ten year period, the top 10 percent of income earners enjoyed a post-government income that was under two times that of the bottom 10 per cent. The US, representing the liberal model, was much more unequal with those at the top earning about 4.6 times more than those at the bottom (Goodin, et. al 1999, pp. 176-7).<sup>9</sup> These findings confirmed the expectations of the researchers, who expected the social democratic welfare state to perform better than the liberal model in reducing income inequality (Goodin et. al, 90). In sum, the social democratic approach to social policy, represented by the Netherlands, appears to significantly outperform the liberal US model in reducing the degree of income inequality. This means that luck egalitarianism is better achieved through the social democratic welfare state than the liberal alternative.

It could be objected that this gets things the wrong way around. There does seem to be strong evidence to support the claim that inequalities generally reflect brute luck, but this is no reason to discount the role of genuine individual choice in every case. In fact, the best approach is

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<sup>7</sup>This has similarities to Phillips 2004 , who argues that equality of outcome is the best test of whether there is equality of opportunity.

<sup>8</sup>Fenna 2004, 336-7 also discusses this study.

<sup>9</sup>The corporatist welfare state, represented by Germany, also performed well on this measure, with those at the top earning about 2.8 times more than those at the bottom.

not to adopt a form of social provision that aims for blanket equality of outcome, but rather, to adopt one that makes assessments of responsibility on a case-by-case basis. This leads us towards the liberal form of the welfare state.

However, this criticism is not decisive against my argument. Luck egalitarianism is built on a much more sophisticated understanding of individual responsibility and choice than the liberal welfare state. For luck egalitarians, knowing that someone has not been turning up for job interviews or participating in active labour market programmes is not enough to justify holding them responsible for their material condition. Rather, they must also take into account the impact of other factors such as the individual's natural ability, family background, educational opportunities, and the satisfaction that she would get from the work that is available. We cannot simply adopt existing instruments of social policy, such as case management and dole diaries, to obtain this kind of information. It would require further steps such as the genetic testing of potential welfare recipients, detailed records of their parents' economic status, a full record of the various decisions they have made in terms of their education and employment, and some subjective account of how enjoyable they find the prospect of working in the jobs available. Adopting the liberal approach to social policy will not help us collect this information, or to make these judgements. In fact, the liberal approach may struggle to judge accurately questions of responsibility, even if we work with a more simplistic understanding of responsibility. As Goodin (2001) points out, setting tight eligibility criteria risks denying support to those who really deserve it. Rather than relying on inaccurate and intrusive fine-grained judgements by the state, the best approach for luck egalitarians is to focus on the overall pattern of disadvantage in society. Ultimately, this pattern suggests that most inequalities result, to a significant extent, from the influence of brute luck. Consequently, luck egalitarianism implies equality of outcome, which is best achieved through the social democratic welfare state.

This conclusion counters a common assumption made in the literature. However, it does not establish that there is any *deep* connection between luck egalitarianism and universal social provision. Whilst this is not necessarily a problem, it means that my argument only goes part of the way in addressing the critics' concerns. For many of these critics, there is a fundamental link between the principle of equality and the social democratic welfare state. In the next section, I attempt to establish this link, drawing on G.A. Cohen's radical theory of luck egalitarianism which offers compensation for expensive tastes.

### 3. EXPENSIVE TASTES AND DECOMMODIFICATION

The issue of expensive tastes is a key controversy in the on-going debate over luck egalitarianism. It is part of a broader dispute between egalitarians over the appropriate conception of advantage to use for the purposes of interpersonal comparison. Some have argued that we should understand “advantage” in terms of the *resources* that individuals hold (e.g. Dworkin 2000), whilst other egalitarians support a focus on the level of *welfare* they enjoy (e.g. Arneson 1989, 1990).

The underlying idea of the resources approach is straightforward. Resource egalitarians believe egalitarianism is essentially concerned with the value of the social resources that individuals hold, whether this is measured according to an index of primary goods (e.g. Rawls 1972), or a market of some kind (e.g. Dworkin 2000). In contrast, welfare egalitarianism is more complicated. Generally, subjective welfare refers to the mental reaction one has to the resources one possesses (see Cohen 1989, 943). This could be understood as happiness, pleasure, preference satisfaction, or utility (note also the more specific definitions in Dworkin 2000, 16-18). These are obviously important factors in judging the equality of life we enjoy, so there is a strong *prima facie* case for including some component of subjective welfare in the egalitarian notion of advantage. However, resource egalitarians, particularly Dworkin, believe that the expensive tastes objection

provides a strong reason to avoid welfarism.<sup>10</sup>

In essence, the expensive taste objection arises because some people will need more resources than others to reach a given level of welfare (Cohen 2004, 5-6). That is, people will derive different levels of happiness/pleasure/satisfaction/utility from an equally valuable set of resources. Whilst it seems reasonable to compensate individuals who are in this position because of a disability or illness for which they are not responsible, such compensation seems unfair in other situations. For instance, Louis may end up with a lower level of welfare than other individuals in an egalitarian society because she deliberately cultivates an expensive taste for plovers' eggs and pre-phyloxera claret (Dworkin 2000, 48-59). It would not be fair to redistribute resources away from others, to Louis, in order to raise his level of welfare.

Dworkin's argument rests on a delegation view of responsibility (Fleurbaey 1998, 208, 225; see also Fleurbaey 1995, 684; Vandenbroucke 2001, 11-14). That is, people are assigned responsibility for their preferences, but not for their resources. We are each entitled to an equally valuable share of social resources, and we must live our life as best we can given this share. We must bear any diswelfare that results from the frustration of these preferences. Whilst this may seem harsh in some cases, two complications should be noted. Firstly, Dworkin includes our natural attributes in our bundle of resources (Dworkin 2000, especially 76-83). This means that a person who suffers from a disability is considered to lack a natural resource that other people enjoy, and may be entitled to other additional resources as compensation. Secondly, Dworkin treats tastes differently if we come to regard them as "handicaps" (Dworkin 2000, 81-3). If a person regrets having a certain taste, and feels it actually impedes her ability to lead a valuable life, then she may

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<sup>10</sup> Another common criticism of welfarism is the offensive tastes objection. Rawls 1972, originally posed this as a more general objection to utilitarianism (which is a form of welfarism). The basic idea is that equality of welfare will end up compensating individuals who suffer diswelfare from offensive preferences which are not fulfilled (such as a racist preference for segregation). Whilst there is insufficient room to fully discuss this issue here, I do not believe that it is decisive against welfarism. As others have argued, it can be overcome by simply refining the notion of welfare so as to exclude diswelfare which arises from the frustration of offensive preferences.

be entitled to some compensation for it. This is to deal with cases such as addiction. The level of compensation (if any) to which we are entitled for these disabilities and preference handicaps is determined through a complex hypothetical insurance mechanism. In essence, the level of compensation to which we are entitled depends on the average level of insurance that citizens would have taken out against these disabilities and handicaps, were it to have been possible to insure against them. These complications aside, Dworkin generally believes that we should not receive compensation for expensive tastes. Our tastes and preferences are crucial to our identity as persons, and our sense of what it is to live a valuable life (Dworkin 2000, especially 289-96). Even if we feel frustration and dissatisfaction at our inability to fulfil them, we would not want to be without them.

G.A. Cohen (1989) has challenged Dworkin's position on this issue. If we are serious about developing an egalitarian theory based on the idea of extinguishing luck, he argues that we should offer compensation for some expensive tastes. The most straightforward reason for this is that a person may not have controlled the development of this taste and cannot now easily get rid of it. In other words, it was not deliberately cultivated by an individual and is something that she is stuck with. As such, the diswelfare she suffers does not arise from a deliberate gamble and should be considered a matter of bad brute luck, which is compensable. If Dworkin truly cares about developing a form of egalitarian justice that is sensitive to luck and choice, then he cannot simply hold individuals responsible for their unchosen tastes.<sup>11</sup>

However, Cohen's argument goes beyond this. As he recently emphasised, the aetiology of a taste is not necessarily crucial to the issue of compensation. Rather, in some cases, simply *identifying* with a preference and regarding it as valuable is enough (Cohen 2004, 7). (Although in the latter case, we must judge whether it would be reasonable to hold an individual to account for these costs, taking into consideration factors such as whether its development reflected an exercise

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<sup>11</sup>The same point is made by Arneson 1989.

of will on her part, whether it was cultivated for snobbish reasons etc):

*I distinguish among expensive tastes according to whether or not their bearers can reasonably be held responsible for the fact that their tastes are expensive. There are those that they could not have helped forming and/or could not now unform without violating their own judgment, and then there are those for whose cost, by contrast, they can be held responsible, because they could have forestalled their development, and/or because they could now quite readily unlearn them, without violating their own judgment* (Cohen 2004: 8).

Once again, the issue of compensation for unjust inequality is closely related to notions of choice and luck. However, the two reasons for compensating expensive tastes relate to two different sources of bad luck. If compensation is justified, the bad luck can result from the *unchosen* nature of the preference itself, or alternatively, from the fact that a *valued* preference is *expensive* to satisfy. As Dworkin (2004, 344) put it, Cohen believes that the holder of an expensive preference may suffer from bad *preference* luck, or bad *price* luck.

The bad price luck argument highlights an interesting difference between Cohen and Dworkin that was less apparent in their earlier work.<sup>12</sup> For Cohen, the fact that a person endorses a preference as valuable may be enough to justify compensation for it. In other words, they may be given extra resources which will help them satisfy this particular expensive taste (or other preferences which would also increase the level of welfare they enjoy). The point is, it is not their fault that something they value is so expensive. For Dworkin, in contrast, the fact that a person endorses a preference as valuable is the very reason why they should not receive compensation for it (Cohen 2004, 7).

In essence, this difference over bad price luck relates back to the idea of decommodification.

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<sup>12</sup>Interestingly, whilst both grounds for compensation were discussed in Cohen's original 1989 critique, the bad *price* luck argument was given a less prominent role in his original "flagship statement".

Decommodification is a key difference between the liberal and social democratic models of the welfare state (see section 1 above), and it is a key difference between Dworkin's liberal egalitarian approach to the expensive taste issue and Cohen's analytical Marxist approach. Decommodification has an important place in socialism (see Esping-Andersen 1990, 44-7). Crucial to Marx's critique of capitalism was the idea that we are alienated from our true species-being. One of the main causes of this alienation is commodification. Human life and human relations are commodified along with our productive life. This means that everything becomes a commodity that is bought and sold on the market, no matter the deeper value it has for us. Whilst liberals are not completely opposed to some degree of decommodification, their strong support for the market means they are much more cautious about it.

Dworkin is a big supporter of markets and, in fact, believes that they are a crucial part of a theory of justice (e.g. Dworkin 2000, 66; 2004, 342-3). In many ways, his theory of equality of resources, despite its strongly egalitarian streak, represents the commodification of justice. Dworkin uses hypothetical markets to determine (at least in the abstract) the appropriate distribution of social resources, and the level of compensation which individuals should receive for disabilities and preference handicaps. A person's share of social resources is measured in terms of their opportunity costs. That is, it is set according to what individuals would pay for them in an auction. By giving markets such a crucial role, Dworkin weds egalitarian justice to the notion of commodification.<sup>13</sup>

But we need not accept this characterisation. Ultimately, the focus of egalitarian justice should be on the extent to which individuals are able to live lives they find valuable. To achieve their conception of a valuable life some will require more resources than the average, and some will require less. But there is no reason why resources should even be the key measure here. As Sen argues, it is what we can *do* with these resources that matters. To argue otherwise risks commodity fetishism (Sen 1979, 326). Ultimately, the kind of hypothetical markets Dworkin builds into his

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<sup>13</sup>For an excellent critique of Dworkin's use of markets see Macleod 1998.

theory are simply a reflection of people's preferences (combined with the limitations imposed by the material forces), and as such, are a matter of brute luck. As Cohen puts it, the market is “at best a mere brute luck machine” (Cohen 2004, 17) and is thus inconsistent with the underlying motivation of luck egalitarianism. These markets should not be able to determine whether we can live lives that we find valuable. What we are able to do with our lives should not be constrained by morally arbitrary bad price luck, and this means that luck egalitarians should endorse the notion of decommodification.

No doubt some people will object that it is counter-intuitive for egalitarians to provide extra resources to those with expensive tastes. However, there are three responses which cast doubt on this objection. Firstly, it may arise from a faulty intuitive response that reflects confusion over what is meant by “expensive taste.” Cohen and Dworkin use this term to refer to people who need extra resources to reach a given level of welfare. However, in everyday discussion, we tend to associate the term with people who live extravagant lives (Cohen 2004, 6). In the latter case, the people involved do not necessarily have expensive tastes which make it difficult for them to achieve an average level of welfare. Rather, they actually enjoy an above-average level of welfare because they have more resources to start with. They are the beneficiaries of inequality, not the victims of bad price luck. Secondly, the idea of compensating for expensive tastes has strong links to the idea of decommodification, which is consistent with traditional socialist thinking. As Cohen (2004, 17) argues, his position on expensive tastes links up to the anti-market slogan which captures the socialist conception of distributive justice: “To each according to their needs-- according, that is, to what they need for fulfillment in life”. Thirdly, although it may seem unfair to tax those of us with cheap tastes in order to compensate those with more expensive preferences, this simply reflects the demanding nature of egalitarian justice. If we seriously believe that justice demands an egalitarian society, then we must ensure that all persons have the chance to live lives that they find equally

valuable, and this implies compensation for expensive tastes.

If this argument is correct, then once again there is a natural connection between luck egalitarianism and the social democratic welfare state. Recall that the social democratic welfare state is associated with a high level of decommodification because it provides a range of benefits and services universally. The benefits and services provided in this way are usually those most people consider vital to their lives. In areas such as health, education and transport, social democratic governments tend to provide benefits and services collectively rather than at market prices. The state effectively guarantees equal access<sup>14</sup> to the things that most people need to live a reasonable life. Access to these goods is guaranteed on a continuing basis, regardless of how often one needs to use them, and independent of market principles.

The social democratic welfare state also facilitates decommodification in a broader sense. By guaranteeing reasonable access to what most people would consider the basic necessities of life, individuals have much greater capacity to choose the kind of life that they find valuable. At least in theory, people are guaranteed access to a reasonable standard of living without having to perform paid employment. This ensures that, *mutatis mutandis*, everybody has the same ability to choose the kind of balance between work and leisure that suits them. If I would rather surf than work in a corporate law firm or factory, then I can do so without facing starvation. Of course, I will still suffer a loss in my material standard of living, and earn much less than those who choose to spend their days working long hours, but my basic needs are satisfied and I am living a life that I find truly valuable. Again, some may think this is unfair. But they are not really in a position to complain because the lifestyle choice I made was also open to them.<sup>15</sup>

Of course, there are a number of reasons why the social democratic welfare state is an

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<sup>14</sup>Or as close to equal access as it is possible to get. For background inequalities in class, ethnicity and gender may affect people's willingness to take up these benefits and use these services. There may also be geographical inequalities in the location and quality of services such as schools and hospitals.

<sup>15</sup>My thinking on this point has been strongly influenced by arguments for an unconditional basic income, particularly Van Parijs's (1995).

imperfect implementation of luck egalitarianism. Some individuals get to work in well-paid jobs which they greatly enjoy, which means that they are likely to enjoy much greater-than-average levels of welfare (they live a life they greatly value, and are well rewarded for it). In practice, individuals may also have problems accessing the goods and services to which they are entitled, whilst low-income earners may be paid little more than those who choose not to work, living off welfare payments. However, in general, the social democratic approach will perform far better than the liberal alternative on this front. Under the liberal approach, there is no choice whether to work. The recipients of unemployment benefits must usually take whatever job they are offered and have the ability to perform. If they are not offered any jobs, they may be compelled to participate in labour market programs. All citizens who can participate in the labour market are effectively forced to do so, regardless of their attitudes to work and leisure, and without much choice over the work that they do. This stands in stark contrast to the kind of choices individuals have under a social democratic welfare state where labour and human life is decommodified to a far greater extent. In sum, luck egalitarianism is far better achieved through universal social provision not heavily conditional benefits.

## **CONCLUSION**

In this paper, I have argued that luck egalitarianism lends support to the social democratic welfare state over the liberal alternative. This is because luck egalitarianism approximates equality of outcome when applied to the real world, and because the social democratic approach seems better able to achieve a more equal distribution of income. Secondly, a radical form of luck egalitarianism endorses the notion of decommodification, and this is one of the defining features of the social democratic welfare state. Thus, contrary to the views of its critics, luck egalitarianism explains precisely why recent trends in Anglo-American welfare policy are of such concern to egalitarians.

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