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Developmental Freedom and Social Order: Rethinking the Relation between Work and Equality

Louise Haagh

Abstract: This essay points to an institutional account of our existential interest in work as a missing piece in welfare analysis. In contrast with social liberals in the post-war era, both liberal economic and egalitarian discourses today espouse a narrowly atomistic account of human nature and the modern economy. Therefore they are unable to take account of the institutional bases of economic development, individual autonomy and social order, and the way these connect. The essay shows that a patterning of distributional outcomes is a reality in both deregulated and densely governed capitalist economies, but that only the latter offers real scope for social and individual choice. The influence of the atomistic account on liberal egalitarian thought however has produced an unambitious, imprecise, and in the case of welfare contractualism, a coercive, account of both individual freedom and social community. What is needed is a more explicit inclusion of a temporal dimension in welfare and economic analysis and a more differentiated framework of pluralist governance.

Keywords: Developmental freedom, occupation stability, Welfare Contractualism, economic institutions, dynamic efficiency

Introduction

One of the most appealing aspects of citizenship as conceived by T.H. Marshall was the way he understood equality as membership in the realm of work, a meaning also expressed, if not fully set out, by Rawls. This idea of membership differs greatly from the central focus on absolute poverty and atomised agency in recent welfare policy and liberal egalitarian thought. The greater concern that

follows with the fair application of public policy has helped identify extreme deprivation. However the deregulated context in which minimal assets have become the central concerns has also narrowed our vision of the equality in ways of actually living that the procedural safeguards were to enhance or foment. Even where rules are weak, how we work gives rise to distributive judgements, if only because these are aroused when that which we truly share, our creative power, our limited time and our social condition, are clearly divided. Hence, developmental freedom or control over working life comprises a core distributive problem which the present welfare paradigm has set aside by stressing material minimums in exchange for a deregulation of production and working (Haagh 2006). This approach on the one hand sees initial schooling as the foundation for economic life: in developing countries, through school-conditional cash grants, and in laissez faire economies' through minimum standards. On the other hand, working itself, the activity towards which initial assets are targeted, is defined as a private domain.

This essay argues that recent writing in the liberal egalitarian mould has failed to engage this tension between equal schooling and unequal working due to its idealistic adoption of liberal neutrality and its acceptance from the Right libertarian school of atomised agency. Both the liberal economic and egalitarian literatures therefore have eschewed an analysis of work in terms of distributive justice and social order, albeit on different grounds: In the case of Neo-classical (henceforth liberal) economics the reason lies in the way economic efficiency is linked to maximal competition and (hence) discretion in the use of human resources. In the case of egalitarian liberals the existential aspects of work are seen to demand the safeguard of work as an (equally) private concern. In either case a lack of institutional grounding has prevented a real comparison of the demands for individual integrity and economic efficiency that has centrally characterised liberal thought.

The economic liberal school, on the one hand, disregards working life as an institution-through-time on a par with schooling or firms and hence has disconnected the analysis of integrity from that of efficiency (as discussed in Part 2). Egalitarians in the post-libertarian school, meanwhile, neglect to explicate the temporal and relational aspects of work, and the implications for governance (Part 3). In contrast, both a temporal and a relational dimension were implicit in the notion of citizenship as set out by Marshall as entailing that all should be equally at liberty in planning work and leisure - to live like 'gentlemen' (1992

[1950], 5-6). Hence he anticipated Rawls' rejection of pure meritocracy (1971, 91) in favour of a view of education that would raise the "sense of their own worth...for the least favoured" (92). Rawls eschewed an explicit analysis of work institutions (as we examine later). However, his association of well-being with our search for a rational plan of life (in the Aristotelian principle, 374) points to a view of occupation stability, beyond schooling, as a requirement of the difference principle, and hence as a distributional good.

In short, post-war liberals like Marshall and Rawls implied at least that real citizenship relied on a patterning of our ways of living in aspects ranging from consumption and health to occupational life. To Rawls in fact interventions would become more important (to include the least well-off) "as a society *progresses*" (92, italics added). Liberal egalitarian discourse in contrast has moved in an opposite direction which more optimistically associates initial education with individualised control. This explicitly neutral framework meanwhile has ignored the way a patterning of work has continued, even after deregulation, to shape divergent paths of inclusion, as we explore in Part 4. A de-institutionalised analysis of work therefore is too limited a tool to engage contemporary problems of social justice.

In short, this essay argues that the condition of our productive existence provides grounds for integrating concerns with integrity and efficiency in the liberal tradition when both integrity and efficiency are interpreted in temporal and institutional terms. In turn this calls for a governance framework that minimally supports developmental freedom in market economies. This we argue should be based on the practical integration but functional division of basic income, welfare and occupation stability. A developmental freedom based welfare governance (DFWF) is then distinct by the way the separate stability of these institutions supports individual autonomy.

Below we first defend the idea of control over working life as relevant to liberal thought through the grounding of the notion of developmental freedom. The DFWF, we argue, challenges liberal neutrality, by accepting, yet clearly differentiating, the roles of key institutions of social cohesion and economic stability stressed in post-war analysis. As an explicitly pluralist framework it is able to relate the problems of harmonisation to conditions of modern complexity, whilst offering a response to the concerns about self-direction that post-libertarians are keen to uphold in relation to public authority. Finally, the

last three parts examine problems in the analysis of economic efficiency, autonomy and social order that highlight the ways a pluralist institutional framework is able to link methodologically separate areas of liberal thought.

Developmental Freedom, Work and Equality

(i) Developmental Freedom and Liberal Thought

Liberal writing on welfare emanates from two broad traditions. Liberal egalitarianism attempts to marry the aim of individual autonomy with the concern with equality. Liberal economics, on the other hand, sees the real possibility of self-government as linked to economic efficiency. The primacy accorded to rights and efficiency, respectively, has prevented real dialogue between these schools. Their co-existence in both the post-war period of strong regulation, and in the more recent period of deregulation, has rested in their broad disregard for institutions' regulatory roles. Post-war liberals took for granted the ways states in their time, through the purveyance of sustained opportunities, socially useful employment and standards in promotion and skills, facilitated a working life of integrity. Through these processes key domains of well-being, as identified in hedonic psychology, were joined, pertaining to control over life goals (Peterson 2003, 288), the enjoyment of stable routines (Blanchflower 2004), and social support and esteem (Canter and Sanderson 2003, 231). In the period that concerns us, where economic deregulation has unravelled the earlier conditions of economic stability, the framework that unites the two traditions instead is strong compensation and initial assets: Economic liberals have moved to incorporate education more explicitly in economic models (Romer 1989 is the original), and social liberals' and policy markers interpret the difference principle explicitly in terms of basic security (ILO 2004, 16). This new consensus however has left an unfilled void in current liberal discourse as regards the problem of working life itself, beyond initial assets, as an existential condition and as a problem of social equality.

Arising from this is a need to set out the existential and temporal aspects of working life more explicitly than has been the tradition. Adapting a formulation used by MacPherson (1973, 5, 41) and Taylor (1985, 209), it is proposed that developmental freedom, or its absence, can comprise a useful way to understand the institutional relation between work and equality. To not be poor, in both an absolute and a relative sense, must include being able to shape your working life

in a meaningful way (Haagh, 1999, 2002). [1] Work does not contain all the domains that comprise overall well-being or a life of integrity, e.g. it may not comprise the familial or friendship (although it can do), nor does it necessarily give us stable routines or life-goals. But work's intimate association with our creative capacities, and its core function in shaping both monetary and non-monetary economic rewards, including care, social favours, security and so on, renders its structure central to other domains of life, and hence to our ability to exercise autonomy in each and all of these. More specifically, what we make of our capacity to create and to contribute to the social world remains with us as memory, skills and habits, although our relations may change. Hence, even if work is externally organised in short bursts of unconnected activity, or it remains unremunerated or largely informal, what it necessarily encompasses of our skills, hopes and achievements are not disconnected for us in our minds. This long-term dimension of developmental freedom is implicitly given in Rawls' notion of the Aristotelian principle as suggesting that "human beings take more pleasure in doing something as they become more proficient at it" (1971, pp. 374-6), a condition therefore that is central to their "rational desire for a plan of life" (ibid, 386). In turn this, "...establishes the basic point of view from which all judgements of value relating to a particular person are to be made and finally rendered *consistent*" (p. 359) [emphasis added]. What this implies is that for our external and internal worlds to exist in a relation of relative harmony, for our incentives to work to fit a given society, the institutions of work in it must accommodate to the inherently long-term modality of our productive existence. In fact, what appeared intuitively to both Marshall and Rawls as a human tendency towards patterned learning, has subsequently been found to be a core neurological adversity to abrupt change (North, 2005, 25-30), as well as, in hedonic psychology (Kahneman et al, 2003) and behavioural economics (Haagh 2007) a defining *developmental* aspect of well-being.

However, despite what must clearly appear (in Rawls) as well-being being essentially reliant on patterns in time, Rawls did not spell out the institutions implied. Nor is the view of agency as depending on control over working life as a whole, which follows from the institutional grounding of the Aristotelian principle, really explored in contemporary poverty analysis and policy, or in liberal egalitarian philosophy.

In the agency-oriented tradition of poverty studies, the notion of control over working life can be likened to Sen's (1999, 75) idea of life-style, or to Alkire's

"actual realisation of freedoms" (2002, 19). For example, having control over the process of working can be seen as a composite of Alkire's (op.cit, 44) pre-moral human reasons for action, like self-direction, security, meaningful work, and sociality. On the other hand, both Sen (1999, 286-88) and Alkire's (51-60, 86-88) sensitivity to context makes them less inclined to spell out the institutional terms of freedoms as related to work.

In applied development, meanwhile, deregulation of states has meant that the attempt to raise capability has been largely confined to support for initial schooling (e.g. through conditional cash grants, Haagh 2005, Hall 2006). Schooling alone however is unlikely to ensue in stable work under economic uncertainty. The evidence points to falling returns to middle-range schooling (Duryea et al 2002, Haagh, 2005b, 2007) in terms both of income and employment stability. Static definitions of income poverty therefore, whilst they have provided a focus for action, also entail an implausible concern with accurate means-testing. Where paired with behavioural controls, they have also reinforced the paternalist roles of the state (Standing 2002, Haagh 2005a,b; 2006).

In this context, the view of agency that is implied in the notion of developmental freedom makes usefully explicit the capacity for continuous choice that it is custom to situate as the more advanced view of autonomy (Archer 1995, 21) – for example leading Oshana (2003, 125) to place (continuous) autonomy as above freedom (of action). The idea of developmental freedom goes further still, however, in explicitly seeing autonomy – or self-direction – as more than a series of free choices, that is, as also shaped by the freedom to connect choices and to build on previous experience (Haagh 2007). [2]

The first idea, of continuous choice, has a natural home in liberal egalitarian discourse which – compared with the development literature – conceptualises governance in universal terms, whilst showing a growing interest in economic autonomy. However, both the libertarian strand, as exemplified in the basic income literature (Haagh 2007), and the contractarian-paternalist strand (Dworkin 2000; White 2003), are hesitant to go beyond a focus on fair compensation or minimal assets (to achieve equal agency, Dworkin 303-331-350).

This is because liberal egalitarian discourse shares with the current policy paradigm at least one of two misconceptions concerning the way institutions and social cohesion affect individual autonomy. The first concerns the assumption of a leisure-work trade-off (Sharif 2003; Haagh 2006, 2007), or a human adversity to

work, which the contractarian strand, in its view of reciprocity as hinging on direct policing (in White and Dworkin) has come to share with the neo-classical welfare model, as we explore in Part 3.

Meanwhile, a second misconception, based on a position of liberal neutrality, involves the establishment of a necessary link between the need for autonomy in the sphere of work and the private organisation of work. This has also influenced views generally sympathetic to occupation stability, as expressed in Standing (1999, 345; 2002, 200), who regards the Right-to-Work slogan of the Twentieth Century (2002, 12), as an ill-masked paternalist plot.

Rawls himself saw 'free choice of occupation' and 'prerogatives of offices and positions of responsibility' as features of institutions with which the government should not be concerned (Rawls 1971, 260-1,395-6; 1988, 257-8), including "universities, occupations and vocations" 1988, 257-8, 263), lest a too 'comprehensive liberalism' (264) would be implied. However he also accepted that it is a role of public education to prepare society's members to be self-supporting (1988, 267), and implicitly he desired that work should have structure, as we argue below. Hence it seems that the autonomy he accorded to universities and occupation pertained more to choice in the individual case than to any principled objection to the role of public planning in rendering choices realistic and stable.

Later Rawlsian-inspired positions meanwhile state a position of liberal neutrality in terms that reflect in more principled ways both the post-modern value-relativist stand and the adherence to atomistic autonomy that post-libertarian egalitarians (Williams 2006a) have taken from right libertarian thought. Institutions that pattern choice through some degree of public organisation are now seen potentially to restrict agency-guided and creative work by providing too 'thick' ideas of the good. For example, McKinnon (2006, 3), in her defence of basic income, advocates a 'thinly ethical and political' route to self-respect as antithetical to the political organisation of the realm of production. The idea that "the realisation of who we truly are requires [our] join[ing] together with our fellows through producing goods (material and otherwise)" is dismissed as in conflict with individual liberty. As we argue below, this strong statement of liberal neutrality contrasts with the still relevant link Rawls makes between socialisation and the realisation of plans of life, whilst presenting an implausibly confident view of the possibilities for individual autonomy in uncertain economies.

What is needed therefore is an institutionally grounded analysis of developmental freedom. This should set post-war liberals' concern with stability in the context of the governance challenges facing contemporary economies, and also be sensitive to the problems that arise from modern systems of behavioural control, highlighted by left libertarians. The next section suggests three implications for national governance, in the areas of the organisation of income compensation, welfare and work.

(ii) A Developmental Freedom-based Welfare Governance

(ii) a. Income security

A first implication of developmental freedom is the removal of work-tests and entitlement means-tests as a condition of basic income (and ideally also housing) security. This is necessary in order to differentiate the functions of key institutions and thereby to guarantee the individual's independent right to *different* sources of economic security that advance her overall agency. In his defence of basic income (BI) van Parijs (1995, 32-38) restates the classical concern with official intrusion into the lives of those without independent means or assets in work (for example, see Titmuss 1974, 44-45). In particular he wants to safeguard the occupational choice of those who have neither. We would add however that in a world where economic uncertainty has stripped individuals in general of assets in economic stability, a basic income is a central, but not sufficient, condition for situating the Aristotelian principle of self-motivation at the centre of work allocation. Two additional minimal terms are universal welfare and occupation stability.

(ii) b. Universal welfare

Universal welfare, the first condition, is the free access to services of a high quality relative to private provision, with the exception of 'frills and luxuries', using the Marshallian meaning (Marshall 1992 [1950], 34; Haagh 2002, 8-11), in areas like health, sanitation, schooling, re-education, infrastructure, and leisure. The importance that the enjoyment of equal welfare, as distinct from minimal assets, holds to developmental freedom, lies in the contribution to legitimate community (Rothstein, 1998, 137-42) and high progressive taxation, conditions which sustain the low inequality (of income, Morley and Ward 2004) and the broadly equal access to institutions of work and learning, in Scandinavian

countries. What is at stake may be deduced from a renewed valuation in development policy of guaranteed basic (but separate) health and other services for the poor (Lloyd-Sherlock 2006), and in basic income analysis, a tendency to link grants *themselves* with the private payment of services like elementary schooling (Borgerlønsbevægelsen 2006), or child care (Rodríquez Enríquez 2007). Indeed, what is effectively a privatisation of welfare would render a BI itself a part of the very trade-off between working life, family life, and leisure (or health) that it, ironically, has been imbued with resolving (by for example Van Parijs 2000, 3,10–11, 19-20). [3]

(ii) c. Occupation stability

The problem of harmonisation is even more directly entailed in the third institutional condition of developmental freedom – occupation stability. Occupation stability, in addition to basic income and universal welfare, is a core element in the structure of multiple security (the DFWG) that is essential to safeguard overall agency within a densely connected pluralist economy.

Developmental freedom – the autonomous shaping of working life – is based on four types of occupational freedom: The first two concern occupational choice. They consist of the simple *range of choice*, to respect the multiplicity of individual beings (this aspect is highlighted in Rawls 1988, 257, van Parijs 1995, 30-35; and Williams 2006b, 2-3), as well as the *temporal dimension of choice,* or ability to choose again, sometimes conceptualised (Marshall 1950, 39; Fleurbaey 2002, 86, Haagh 2002, Chapter One) as a deficit in social entitlements. However a potentially more important area of occupational freedom concerns its *progressiveness aspects*. These include, first, opportunities for step-wise progression within activities, comprising the *occupation stability* aspect of occupational freedom, which is typically linked with the stability of whole sectors or lines of activity. Second they include the *task ownership* aspect of occupational freedom, as commonly linked to the organisation of activities internally through identification with tasks, skills (or performance) and promotion, whether in sectors or firms (Maurice et al 1986, Pagano 1991). Such arrangements in turn are central to shaping the level of (long-run) predictability of returns to effort that hedonic psychology, and, implicitly, post-war liberals, situated at the centre of well-being.

In the remainder of this paper we consider the implications of these governance dimensions of developmental freedom for the liberal economic and egalitarian

defence of decentralized welfare. In particular we point to ways that a framework of liberal neutrality, and in particular the atomistic account of autonomy, limits our understanding of the bases of, and ultimately, the compatibility between, separate things that liberals value, including, as examined below (i) economic efficiency and development, (ii) self-government and autonomy, and (iii) social order.

Developmental Freedom and Economic Efficiency

The relevance of a DFWG to reshaping liberal thought on welfare lies in the way both real (institution-based) efficiency and occupational freedom depend on economic stability and differentiated security. Economic stability, as argued, is implicit but not directly valued in liberal thought. For example, despite their misgivings about harmonisation, adherents to liberal neutrality tend (at least superficially) to take stable institutions for granted as the background to their preferred distributive schemes. To post libertarian egalitarians for example, a stable job is a distributive asset (van Parijs 1995, 107-9), whereas to economic liberals, it is an implicit part of their defence of contribution-based systems like unemployment insurance (World Bank 2005, 154). Neither school however explicitly values the stability of jobs as an end in itself. Van Parijs, for example, appears to see the distribution of assets in jobs as essentially arbitrary (ibid. 120-21). In fact his notion of the competitive auction of jobs is dismissive of the element of learning (and indeed of the legitimate judgement of interview panels) that is (potentially) entailed in the distribution of jobs and the formation of working communities. More recently, van Parijs and van der Veen (2006, 9-10) have dismissed Rawls' conception of 'lasting social positions' as an implausible interpretation of occupational freedom (Haagh 2007, 4). The methodological difficulty arising from this hesitation to specify the institutions that will bring about stable jobs is more directly expressed in McKinnon (2006, 1-2) who sees a BI scheme as offering an 'ethical vision of *society*' and of 'quality work' and 'quality leisure'. On the other hand Mckinnon is also committed to a "thinly ethical and political [view, because]: routes to self-respect are *permanently* plural, and public policy ought not to require that we pass judgement on some of these..." (ibid. 3; brackets and emphasis added). These statements are difficult to render practically consistent, because all economies, including deregulated economies, pattern and restrict occupational choice. In turn, some of the ways this happens are more supportive of occupational freedom than others: The key point however is

that stable jobs are not given value as either sources of developmental well-being or economic efficiency in liberal economic and, more surprisingly, in liberal egalitarian, thought. And this in turn excludes a real incorporation of our developmental nature in academic inquiry. A case in point is van Parijs' treatment of jobs as objects of costless exchange, and his sharp distinction between (inherent) talent and (purely external) jobs (ibid. 121). "[J]obs do not stick to people the way talents do...[and hence] job-holders [must] pay the full price of the assets [in jobs] they appropriate." In fact, jobs do (or can) stick to people in some of the same ways as talents do in so far as talents (or patterned learning) are developed in (stable) jobs, as we argue below.

It is in neo-classical economics however that, ultimately, van Parijs and other post-libertarians depart in their presentialist view of occupational choice. Indeed the original defence of a welfare paradigm focussed on minimal assets lay in the idea that competitive efficiency which shapes our overall welfare depends on corporations having maximal freedom in their use of human resources (van Hayek 1980). Competition can and does spur long-term investment: It is ultimately the rationale for elite private schools and for government investment in strategic industry. However it is also clear that what we recognize as quality in either case derives not from competitive pressures as such, but from a cosseting from them, e.g. from a structuring of advantage (on the latter see Chang 2007, Chapter One). Clearly, the conclusion we should draw from this is not to advance either elite education or indiscriminate backing of a few hierarchical industries. Rather it is to encourage a level of institutional density and differentiation appropriate to ensure that competition has many functional outlets. An example of the latter is given in the Northern European systems of occupational streams. In Denmark, for example, the tracking of educational places with employment trends and the large share of young people who enter an apprenticeship contract (40 per cent compared with less than 4 per cent in Britain) (Haagh 2001, 2007) in practice has strengthened both the choice and progressiveness aspects of occupational freedom. New Labour's social policy has been compared to a Scandinavian social model (Pearce and Dixon 2005), yet Denmark spends 43 times more than the UK on public training as a percentage of GDP (respectively 0.86 and 0.02 percent) (OECD 2004). Apprenticeship in Britain, unlike Denmark or Germany involves no fixed period, contract, external accreditation or links between firms (Haagh 2006). [4] On the other hand the horizontal and integrated governance of work in Denmark has allowed adaptation to external pressures to regenerate core features of the integrity structure in working life. For example it has allowed a growing

share of long-term unemployed to gain 'second careers' through the apprenticeship system (25 per cent, Haagh 2006, 410), whilst employers have become integrated within job rotation and sabbatical leave schemes to democratise entry and exit from work (Kongshøj-Madsen 1999, 2003;Haagh 2006). In turn these arrangements are foreign to Britain, where the Government's flagship Job-Centre Plus network (to train or employ inactive or unemployed people) boasts of the participation of no more than 64 companies (Financial Times, September 10th 2007, 2). Activation in most cases consists of temporary job offers and at best a short training course (but not an apprenticeship) (Haagh 2006, 2001, Ryan 2001).

The important point is that efficient production and real meritocratic selection is based in institutions that further permanent equal advantage, more and before it is based in exchange. This is not only true in product markets, as contended by economists in the Hirschmanian school; but also, and more particularly, in human resources. In other words, occupational life, the individual as working in a patterned way over time, building on skills, is an institution in need of secure adaptive survival, in some of the same ways we can say pertain to governments and firms. Notably, Hirschman (1971, 5-20, 120-26) saw 'lapses' in performance within these institutions as functional to the economy as a whole because they trigger timely adaptation and learning.

Hirschman's two key insights are the following: first that institutions are the site for learning and adaptation – markets play a role in sending signals, but they are not in themselves the site for adaptation and learning. Second, adaptation is optimised in the presence of countervailing means of adjustment – where there is only one (markets), the result is likely to be the collapse of the institution itself.

Hence Hirschman's analysis of dynamic efficiency questions van Parijs' market-rational view of occupational governance, as well as the reliance, in this context, of a single mechanism (basic income) of support of individual autonomy. Essentially, both real economic efficiency and occupational freedom (in particular occupation stability) depend on differentiated security, including security in lines of activity.

A relevant weakness of Hirschman framework in this context was that in making one of his adjustment mechanisms (exit) be defined largely as a market signal (consumers exiting, although he also mentioned the firms' members exiting), he did not take his analysis far enough to include the full gamut of differentiated means of adjustment and support open to organisations in a well-defined economy.

This need for access to multiple independent security is more salient to working life because the individual's developmental psychology situates her sense of secure autonomy at the centre of her creative capacity.

Hence individuals depend on more than basic income security in order to realise the aspect of their developmental nature associated with their orientation towards structured goals. In fact, the recent evidence from behavioural and attitudinal studies is supportive of both a long-term modality in individuals' conception of working and of the autonomy-enhancing effect of multivariate security. A recent survey of job-seekers in São Paulo (Brazil) for example found an overwhelming preference (75 per cent) for personal growth through contiguous activities as the optimal direction of working life (over high pay or professional stability for its own sake (Haagh 2007, 2). Notably, those in stable employment were more likely to regard challenging work as more important than high or stable income - at 60 per cent compared with only 38 per cent for those in unstable employment (lasting less than a year). This preference was reinforced among those who had insurance as well (ibid. 3).

However, more vulnerable individuals, those with low schooling and insecure work, also ultimately valued long-term development. This group wanted more training, at 58 per cent, compared with only 26 per cent in secure work, who were more likely to emphasize occupational values or pay as sources of work motivation. In turn this suggests that the theory of adaptive preferences (which it is sometimes implied may undermine the notion of universal values, Gough et al 2007, 30) only holds at the secondary or strategic behavioural level: all respondents saw occupation stability in some form as a source of individual development, but what medium they emphasized depended on their economic condition.[5]

A full understanding of the importance of countervailing means of security to dynamic efficiency however depends on our also incorporating the individual's interest in personal security. This forms part of her general disposition towards patterned relationships, what Marina Oshana (2006) more generally calls the social-relational form of autonomy and what we would interpret as necessarily included in a life of integrity. In particular, where institutions posit a conflict between occupational life and this aspect of personal and working life, pertaining to familial security, leisure and care, occupational life is undermined from without.

In this light, a major flaw of (contemporary) workfare policy is that its conditioning of income support on non-working and family states makes adults choose between (familial) security and occupational life. Hence it creates disincentives to work by weakening individual autonomy. As is now commonly known, individual behaviour is ultimately motivated more by fear of loss than the prospect of gain (Weyland 1998, The Economist 2005). And therefore lack of differentiation between sources of security reduces the calculated dimension in risk.

A basic income hence improves on workfare by its functional separation of income security and both family life and employment (as Alstott 1999 observes for the US). But the individual's true autonomy depends on the wider harmonisation of economic life that enables the separate guarantee of her control over patterns of work, family life and leisure. Hence, the very freedoms egalitarian liberals defend, such as self-direction, meritocracy, non-discrimination and de-commodification, depend on a patterning of life that, though it conflicts with liberal neutrality and the market-rational account of jobs, is consistent with the institutional and developmental account of efficiency.

First, take self-direction. In this case, the freedom to know that time invested in an educational choice will furnish a relevant (long-term) career may depend on restriction of places in that particular area. Meanwhile, choosing again is also an important right (the temporal choice dimension of occupational freedom). And yet, our time-bound cognitive skills (our pattern-based learning), and social cost, both prohibit an extensive number of publicly funded careers. Therefore competition itself, and the range dimension of choice, must be restricted enough that they are rendered reasonably compatible, not merely with fiscal capacity, but also with the occupation stability dimension of occupational freedom and with institution-based economic efficiency.

Second, take meritocracy, on the one hand, and the freedom to pay for schools, on the other. The latter explains the high *relative* individual returns to schooling in societies where quality education can be individually purchased (often cited as evidence of educational success in developing countries, Dureya et al 2002; IADB 1998). But this freedom is not compatible with competitive (broad-based) selection (or true meritocracy) in part because the high rate of return at the top level is a function of scarcity – e.g. of *inequality* in the level of human resources. Hence, real talent- or effort-based competition depends on the harmonisation of patterns

of schooling and working, as confirmed in recent studies which detail the lower social mobility in the US as compared with the Swedish economy (Jäntti et al 2006). Again, harmonisation is both an aggregate utility and an occupational freedom.

Third take de-commodification of time. In this case we know from comparisons of leisure and work patterns in the US and Germany (Alesina et al 2005), that harmonisation of work-time is necessary to avoid an intensification and concentration of tasks. This concentration not only violates the task ownership aspect of occupational freedom, but is also socially sub-optimal by excluding large populations from structured work and reducing the social stock of cumulative skills.

A similar point pertains to the non-discrimination of care-work. In this case equal occupational choice entails, in addition to basic income, a public income or working-voucher for care (for a specified number of children), as well as access to part-time occupation economies, and rights of re-entry. In turn such policies have strong efficiency functions, first, in supporting childhood development and, second, in the real economic integration of carers.

Rawls, I would argue, implicitly recognized these cross-section and temporal aspects of harmonisation of work as supportive of successful plans through time because of the way he associated 'rising expectations' (1971, 369) with "arran[ging] things at the earlier stages so as to permit a happy life at the later ones." As he put it, "since a plan is a *scheduled* sequence of activities, earlier and later activities are bound to affect one another." (ibid)

In short, the prescience of harmonisation brings out the limited reach of compensatory policies, including a basic income, without universal welfare and occupation stability: Work's systemic features mean that exit rights from formal employment alone will be insufficient to enable individual control over patterns of work and leisure. The role of harmonisation in turn sheds doubt on van Parijs' purely market-rational account of occupational change. As he puts it, "it is up to [job holders] to divest themselves of [their] jobs, once the *price* of keeping them is such that they envy the jobless" (1995, 121, brackets inserted). The point however is that no one should have to choose between (costly) jobs and joblessness. Hence to prioritise this choice as a mechanism of fairness is odd. It derives, ultimately, from the reliance on the full market device, and the atomistic account of

autonomy, in shaping our interest in structured work. The only way to free individuals from that kind of trade-off (which grows over time, given the cumulative nature of occupational gains) is to harmonise work.

The individual incentives, on the other hand, that derive from universal welfare and the prospect of temporal control, support more general foundations for dynamic efficiency. For example they allow young people to see apprenticeship as a viable mechanism of social mobility (Anker, 1988). Support for initially low but rising pay – a Schumpeterian distribution of income – is also conducive to negotiated stability, such as the type of wage coordination that in the 1990s underpinned low inflation in Scandinavian economies (Kongshøj-Madsen 1999, Haagh 2001). In other words, the stabilisation and harmonisation of welfare and work contributes both to equal lives of integrity and to social utility.

The atomistic account of autonomy however also skirts over the way real choice in both general consumption, and of stable work, depends on public support of *some* development paths. Indeed, choice of path is not only foundational for the security of activities that supports the first progressiveness aspect of occupational freedom, namely occupation stability. It is also, by implication, foundational for the second, namely task ownership freedom, because ownership is by definition affected by the task's place in a sequence that shapes the individual's development.

More generally, however, we need to question the notion that skills and productive capacities are found and shed according to an inner logic of market efficiency. More often than not free selection is based on random events or short-term pressures that restrict public choice. Take for instance, the creative and scientific professions. In the case of TV, strong commercial funding can ensue in the ballooning of programmes appealing to the lowest-common-denominator in cultural taste, as in contrast with democratised routes of long-term funding that enable a more plural structure of creative endeavour. [6] Likewise, strong commercial funding in science can allow markets in both mass and higher income curative care to overshadow research (and stable employment) into preventive care as well as (in poorer societies) the eradication of basic diseases.

The choosing to support some development paths is also a relevant condition of regional development, which in turn is critical to equal occupational freedom, as free movement in a world of low cost and tax competition will undermine occupation economies everywhere.

Occupation stability, in particular, depends on global agreements to expand the remit of what counts as legitimate support for activities that are chosen in individual regions. A case in point is Stiglitz' example (2002, 54) of the death of chicken farms in Morocco after the termination of public insurance. This case shows the importance of multivariate security to dynamic efficiency in micro-economies. Micro-loans, which atomise risk and are therefore favoured under current trade rules (Dichter and Harper 2007; Haagh 2006b, World Bank 2001, 146) offer insufficient support for local development. [7] In short, deregulation and free choice does not make everything possible: Those who choose not to choose also go down a certain path, as the linking of the US economy with non-productive managerial jobs (or 'guard labour', Bowles and Jayadev 2007) and 'junk' service jobs (Esping-Andersen 1995, 204-5), indicates.

In summary, both economic efficiency and occupational freedom depend on forms of harmonised development and working which currently find no explicit defence in liberal discourse. Both the capability and libertarian egalitarian literatures, for example, maintain that agency-guided outcomes are the foundation of welfare (Sen 1999, van Parijs, op.cit). Their insistence therefore on the market rational shaping of jobs makes agency the right and stability (merely) the good, in Rawlsian lexis. In fact, the vision of atomised agency in both liberal economic and egalitarian discourse is based on a mistaken reading of how – based on our developmental nature - we behave in the market. The preference found in São Paulo, cited earlier, for security, resembles findings T.H Marshall reported (1992 [1950], 48) after the War, that '73 per cent preferred security at lower wages' whereas interesting work (over high pay) was strongly favoured by students. This instinctive search for stability and occupation is confirmed in studies of crises which show that individuals stick to their employment ties (Camargo 1996; Topp 1997, Sharif 2003), even when supposedly markets should clear. In short, the idea that individuals can exercise control over chronic mobility is as out of step with our cognitive capacities as the notion that product competition can really exist in perfect markets is contrary to the way innovation is actually shaped: through institutions. The DFWG, in this context, provides a way of drawing the institutional account of efficiency into the analyses of distributive justice and in so doing expanding the explanatory bases of each.

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Individual autonomy, institutions and work motivation.

(i) Work motivation in liberal discourse.

Taking an Aristotelian motivational principle seriously as a basis for social order also has implications for how another condition liberals value, individual autonomy, is interpreted in practical terms. The atomistic account of the relation between aggregate utility and individual autonomy has retained a narrow interpretation not only of economic efficiency, but also of the social conditions of self-government and work motivation. This problem is especially manifest in contractualist writing which incorporates from the deregulated compensatory paradigm and the atomistic account a narrow vision of responsibility and reciprocity as exemplified in the direct administration of the duty to work.

However before we assess the contractualist argument, it is useful to trace the general problem of the atomistic account of work motivation as attributable, in part, to the influence on our thinking of the way institutions of income protection have historically emphasized the threat of insecurity as a motive to work. This legacy, for example, has stymied the incorporation of literatures showing that there is minimal behavioural risk from the payment of long-term grants which allow individuals to work (Haagh 2007a, Chahad 2004, 159; Lavinas et al 2001, Parker and Skoufias 2001). In other words, if our understanding of factors that affect motivation is limited to one institution, income support, it is only because it is the primary site we have chosen to handle general problems in the distribution of work and reward. The Dworkian dilemma, therefore, the unfair relation between the assisted and working poor (2000, 330-1) , expressed as a conflict between grass-hoppers and ants – as a matter of personal morality - is in fact a problem of over-simplified governance, of a lack of differentiation of sources of support of our natural inclination towards productive activity. Note, however that the single-variabled emphasis on income support as a means to understand work motivation has permeated liberal egalitarian philosophy at a more general level. For basic income supporters, for example, the tendency (emphasized earlier) to base the case for occupational choice on income security leads to a setting aside of other institutions that affect motivation (Haagh 2007). In particular, BI supporters, with a view to challenging the disincentive assumption, also give primacy to a single factor, income grants, in relation to entrepreneurial behaviour (Samson 2007, Haarman and Haarman 2007).

(ii) The Welfare Contractualist Paradigm

The greater concern however is perhaps to understand the way the presentialist contractual paradigm characteristic of the deregulated economy has permeated more demanding egalitarian visions of governance. White's is one of the most encompassing attempts at making a direct contractarian scheme egalitarian, and is therefore a good example of the influence on liberal egalitarianism of the deregulated economy. White proposes to reward us precisely based on our natural skills: able individuals must choose particular lines of skilled work or be financially punished (2003, 99,144,114). [8] Those who choose to idle will have subsistence withdrawn (142), and may even face social removal – imprisonment (258, note 33).

Like Rawls, White aims to define a civically embedded view of self-government. However because he lacks a temporal notion of individual development, and a view of how institutions can *indirectly* support it, his framework is rendered individually coercive and socially costly. The full coercive effect of the atomistic account is most evident where, despite his strong defence of integrity interests (in bodily integrity, expressive freedom and informed deliberation, 26), White entertains the feasibility of ring-fencing children's subsistence whilst withdrawing food from their parents (144).

This example, on the other hand, also shows the counter-intuitive effects of his scheme on utility grounds, in this case because his conception of atomistic fairness entails undermining the very socialisation that is at the foundation of our (life-cycle-based) social utility. In fact, the separation he makes between our motivation and social utility is not only contrived from an unreal social reality of complete autonomy. It also justifies and helps engender such a reality, because White has made it a requirement of measuring social utility.

More broadly, White's atomistic account prevents him from seeing how the goal-oriented aspect of individual behaviour deriving from our developmental nature leads us to pursue efficiency-optimising courses of action. This makes a strong contrast to Rawls who wanted us to see how the rational individual naturally selects the optimal application of his time and talents under given constraints. "A rational individual selects a preferred pattern of activities (compatible with the principle of justice) and proceeds along each of its chains up to the point where no further improvement results from any feasible change in the

schedule" (1971, 378). Rawls' example of the prisoner who takes more time and greater care in lacing his shoes, goes to show that what we do rationally – how we allocate our time as different chains become open to us – is institutionally shaped. Regardless of context however our natural inclination is to follow an efficiency-optimising and meaning-enhancing schedule of tasks.

White's scheme by comparison fails to admit of our goal-oriented nature and its social condition, and hence has shrunk our agenda: away from the relationship in a wider sense between institutions and human nature, to ways of controlling behaviour to fit a pre-fixed scheme of individual utilities. At the end of the day this scheme fails too *because* it eschews our developmental nature: White wants a system of accuracy in our exchange of favours. Therefore the route of democratised development, which encourages and conforms to a view of value based in processes and networks of individual and social development, as explored in Part 2, will not do. This view however leads White to adopt mechanisms - the appointment of talent and market price - which, whilst they permit an ad hoc account, are contrary to the goals he wants to attain: The appointment of talent is counter-productive to effort (which is linked to our own choosing of goals). Markets, on the other hand, are *free* from the very judgements about value (other regard) that he wants to situate at the centre of governance. Ultimately, his linkage of social usefulness to market value shows the extent of his adherence to the atomistic account of economic efficiency.

Few would agree that mere demand reflects value. For example, take the difference in pay between a talented footballer, Kevin, and a talented medical doctor, Paul. The former is demanded by millions for a temporary pleasure, whereas the latter is valued by thousands for saving their lives. In this case, mere repetition entails that many times a small pleasure assumes a greater value than a greater and more foundational pleasure, repeated less often. Individuals would make a different ranking in their own lives, and hence this is a case of individually rational, but collectively irrational, behaviour.

In this light is it an admissible view of value that Kevin should be taxed the same as Paul, which allows him to earn significantly more money? In this example, White's scheme ends up being distinct from any other progressive system of tax only in that he has engineered more coercive methods still for channelling individuals to do what atomised markets beg them rather than what they desire or what may be socially useful. Then consider changes in the price of either of these

and any other service, which are frequent and often shaped by random events. How often do we then adjust individuals' value, and how does our doing so affect the feasibility of market price as a stable framework of value (which we know to be an important (progressiveness) aspect of occupational freedom)? Suppose the same individual, David, has talent both as footballer and medical scientist. If he chooses science, then, under White's scheme, he would be financially penalised not once (as under a normal system), but twice: Not only would he earn less for following his passion over financial reward, but he would be fiscally penalised too, for choosing an occupation under his (appointed) peak-ability wage.

Similar counterintuitive outcomes derive from the application of White's scheme of punishing idlers (a more 'clean' version of contemporary welfare). In his scheme individuals who refuse a relevant job, will be starved. But if the criteria for a relevant job, as his scheme suggests, is a productive activity that has a market price, then his scheme falls apart again; because, as we have seen, there is no way outside of a command economy that we can make a fully tight equation between price and social utility.

In fact, even if White were to expand the range and substance of relevant productive activities, for example by measures to support occupation, discussed in part 2, these problems persist. The measures he envisages to policy reciprocity and punishing idlers would remain unacceptable on pragmatic, freedom and utility grounds because he adopts a too idealistic view of the capacities of the market and state to govern work motivation.

First in admitting only two motives to work, duty, and financial reward for doing our duty, he shuts out a view of fairness in which being outside of structured rewards in work is itself both a sufficient punishment and deterrent (to idle).

But the impossibility in dynamic market economies to ensure opportunities are sufficiently diverse, and located and timed in ways that evenly follow the structure of each person's dynamic abilities, also makes it implausible to exercise a scheme of ultimate punishment for failure to work that is manageably just. The greater difficulty still of determining an individual's true motivation makes it impracticable and almost certainly arbitrary. In turn, these two reasons, the imperfect nature of either market or state governance, and the impossibility of us knowing the individual's true motivation, are themselves foundations for the third reason not to exercise ultimate punishment. This is the importance the individual's true motivation holds to her social utility.

Take the case of Sally. At present no offers of paid employment to replace the job as landscape gardener she recently lost when moving with her partner, suit her better than the opportunity of spending more time with her young child after school and tending her garden. Her basic income allows her to do so. Though she wants a job to earn more money and be formally recognised for her work, the only offer available at present, to mow lawns ten kilometres away in Aynsham, is not attractive enough for her to take it immediately. Sally would rather risk occupational penalties (in lost progression) and forego that extra pay, to build a reputation as gardener and sell her services locally. She also wants to apply to the council for a development grant to turn the communal green-field into a park and a tourist attraction for visitors. Her lost pay means the family will not have a holiday this year, and must give up their car, but they agree it is worth it. In White's scheme she is a life-style non-worker. If she was a sole carer, her basic income would be taken away (though food be given to support her child) and she could face prison, if not agreeing to mow lawns for the farmer in Aynsham.

In this case White is violating not only Sally's basic freedom to decide the form of her contribution within given constraints (to take a risk to forego income and other rewards) but also her social utility, in order to establish an unreasonable certainty: that Sally makes a contribution that can be immediately quantified. In effect, White is choosing to exercise the precautionary principle in relation to the risk that Sally's motivation is not of social utility rather than the risk that a public official's judgement of what is relevant to Sally, violates social utility. White cannot be certain either way, therefore he must make a reasonable judgement. Certain things however he can be fairly sure about: The first is that Sally is a better judge of her own motivation. Second he may know with reasonable certainty that our developmental nature makes us likely to engage in productive activities in response to calculated risks and a variety of stable rewards. Then, since it is likely that a public official is not a good judge of Sally's motivation, and her exercise of authority dents it, the risk is high in this case that we destroy not only Sally's self-motivation, but also her sense of responsibility for decisions she makes, because the basic direction of her life was set our by another. In short, if both motivation and responsibility are of social utility, as I think most liberals would want to agree that they are, then the risk of Sally's decision about work being made by a public official is far greater than the risk of it being made by herself.

To put it differently, White has arguably elevated the status of fear of shirking to a level that, judged by our developmental nature and the alternative risks, is absurd. To insist individuals take jobs they do not want (on the pain of subsistence) to ensure no one ever idles, is as bizarre as suggesting we pave our roads with sharp glass in case everyone decides at the same time to sit on the road and do nothing, lest all commerce collapses. The fact that it is perfectly possible that we should all sit down on the road, and the fact that the consequence could be potentially disastrous, does not make it likely to actually happen, or indeed reasonable to take direct measures to prevent it from happening. Hence, White fails both the freedom and social utility tests (White 2003, 181): The hazards of exercising the precautionary principle in relation to work avoidance far exceeds the benefits we can expect to derive; not least since alternative measures to achieve White's goal, to foster and reward contribution of social utility, stand a similar chance of success with less cost.

But the other question is whether the farmer in Aynsham offering his gardening as a job to another is necessarily of social utility. How do we know that this use of his resources is a higher social utility than his doing the garden himself, and the person he would have employed doing some other activity? The answer is that we do not, yet we do not question his decision's utility. All we are seeing here is how markets, under alternative property rights, allocates jobs by allowing those with resources to decide what risks should be taken and what employment is given, using their *judgement*. Indeed, it is hard to think of an entrepreneurial idea or creative act that is not based in someone's own judgement. Therefore, if a central reason for retaining the incentive to accumulate wealth and therefore to permit unequal assets in some degree is that this will help generate innovative ideas, it follows that permitting a broader bases for individual creative judgements is also of social utility.

In short, one of the reasons we may want to preserve Sally's right to withdraw from the employment in Aynsham, by her right to basic income, apart from the humanitarian reasons, lies in the reasons we want to preserve markets: Because they allow for incentives to come to the fore, and for risks to be taken, for ideas to be conceived in several places, which cannot be made by committees, in other words because we value individual creativity and autonomy, not merely for themselves, but as sources of social utility.

Market outcomes *in themselves* however do not reflect real judgements about social utility. And, therefore, the way we organise progressive rewards and basic assets cannot be guided by market value, as we implicitly accept in the use of taxation to support redistribution and schooling, and in our endorsement of employment contracts. Surprisingly, however, White relies on the more authoritarian traits of both market and state in his scheme of governance: In markets these concern the ability of random events and utilities of incomparable scales (e.g. entertainment and health) to structure value. In the case of states they comprise the abuse of its duty to socialise the value of productive activity to dictate *individual* utility. In short, by making the centre of his scheme of reward a combination of market price and appointed talent, White undermines the real value of markets, namely that they underpin key aspects of individual freedom (in productive existence) and the links between this freedom and social utility.

But White's use of market price as an indicator of social value is also corrosive of the institutions that create norms around, and entice behaviours towards, a collective scheme of social utility. To Rawls these are the institutions that, through individual example and the formation of habits, establish our voluntary consent to social schemes: The 'companion effect' (Rawls, 1971, 375) to the Aristotelian principle holds that 'as we witness the exercise of well-trained abilities by others, these displays are enjoyed by us and arouse a desire that we should be able to do the same things ourselves'. White, unlike Nozick (1974, 183-97), accepts economic cooperation as inevitable, indeed necessary, yet he accepts Nozick's all-encompassing view of self-government at the psychological level by underlining the necessarily atomistic bases for moral acts.[9] His conception of reciprocity (of fellowship) begins with the isolated individual, the 'life-style non-worker' (158-9), or free-rider, and thereby with a necessary divisibility between self-regard (or pleasure) and our sociality. To White, to work as we *should* is different from what comes natural to us, and therefore it demands isolated moral exertion (or external command). In this respect therefore it is unclear how White's scheme can accommodate what he rescues (2003, 39) from Nozick's too encompassing view of self-government, in the assurance that "all the key decisions about working remain in [a person's] hands."

In his emphasis on an external morality, White differs again from Rawls, who appeared to accept the principle of moral learning of the rationalist tradition which suggests that "it is [naturally] painful for us when our feelings are not in union with those of our fellows: [A]nd this tendency towards sociality provides in

due course a firm basis for the moral sentiments." (op.cit, 402-3) This would also explain why Rawls saw the benevolence in certain social hierarchies (411-12), for example of an occupational nature, where White's presentialist moral bases for distributive programmes instead lead him to link our interest in hierarchical differentiation (in work a 'desire for eminence' for 'esteem') with a wish to be acknowledged as superior to others ("the subordination and humiliation of others", 28). White in other words has drawn his egalitarian project around such a tight individual morality that any acceptance of self-regard as the premise for social action would sink it.

In fact the perception that social cooperation depends primarily on personal sacrifice, that it is an abstract moral virtue, becomes compulsory only where economic incentives are generally organised to maximise immediate gain – in short where institutional connectedness is already weak. The inverse link between this connectedness and strict individual accounting lies, then, in the greater need for the latter to uphold a sense of fairness where justice is expressed in only few institutions. Where opportunities are uneven and work insecure, our trust that individuals have adequate incentives to work is adversely affected. [10]

In other words, White's scheme draws its moral premise from the atomistic economy it seeks to attack and hence he cannot envisage the means that will take us towards and sustain a more pluralistic and socially grounded framework of egalitarian reward and social utility. And therefore, governing strictly by morals, and what this ultimately entails – the micro-management of behaviour - without the attempt to establish the connection to institutions and human nature, can only derive in an unfree society, where genuine self-motivation, the wish to be civic, as Rawls saw it, through the experience of appropriate mutual-regard, has no natural channel and means of renewal. In particular, the ad hoc social relations characteristic of a deregulated economy are undermining of work motivation and ensue in the coercive organisation of work. A good example of that is the ultimately unsuccessful attempt at reconciling a view of developmental freedom (as White's analysis of integrity in work must entail) with a method of ad hoc contracting. This perspective is at odds with what liberals really want to protect about individual autonomy, which is the possibility of governing work contributions through enticement instead of coercion.

Distributional Schemes and Social Order

But if the integration of stable economies of basic income, occupation and welfare is a necessary condition of legitimate governance, how are such economies generated and lost? In this section we look at the link between the legitimate bases of a well-integrated economy and long-run institutions in order to show that choice of path, even not making one, entails a commitment to both the present and future. We want to suggest, with reference to the key institution of unemployment insurance, how choice of distributional scheme, whether deliberately integrated or, conversely, compensatory and deregulated, set the constraints for future choice. In the case of deregulation this happens through removing the reasons derived from the progressive harmonisation of social conditions that would lead us to support an integrationist path.

In theory, the arrangements that govern employment transitions could be quite independent in their use of distributive features. For example, the level of income compensation could be high but short. Or the contributory requirements could be very conservative but payout long and stable. States that offer generous insurance cover might offer less provision of training: after all – with higher cover you can pay for training yourself. And so on. However that is not the general trend. Instead, distributive patterns tend to integrate around a certain equilibrium level, whereby weak distributive patterns tail low integration, and strong distributive patterns tail high integration, between core institutions.

For example, in the OECD the more generous schemes also tend to be those that most clearly advance the temporal dimensions of occupational freedom, including a clear relationship of compensation to the previous wage, and a progressive element favouring the least well-off (Haagh 2007). This consistency in principles of distribution persists across development levels, as we can surmise from a cluster analysis of degrees of similarity across a series of features (Table 1).

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Table 1. Compensation regimes, degrees of likeness, defined by Rate, Type and Stability of Income Replacement of Unemployment Insurance.*

1. Denmark
2. France

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3. Sweden, Holland, Belgium

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4. Norway, Germany, Portugal,
5. Finland, Japan

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6. Austria, Switzerland, Italy, Spain, USA, Canada, Hungary, Slovakia, South Korea, South Africa, Brazil
7. Australia, Czech Republic

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8. Ireland, China
9. UK, New Zealand, Chile

Squared Euclidean distances:

	Closest	Furthest
DK	France (148), Holland (369), Germany (481), Norway (490), Sweden (584)	Ireland (5713), China (5652), New Zealand (5440), Poland (5392), Chile (4874), UK (4680)
UK	Chile (2), NZ (40), Poland (136), China (180), Ireland (277), Australia (397), USA (1160)	Sweden (6032), France (5620) Belgium (5321), Denmark (4680)
Chile	UK (2), New Zealand (26), Poland (130), China (170), Ireland, Australia, Czech Rep.	Sweden (6250)
Brazil	Canada (10), South Korea (12), USA (16)	Sweden (3464)

* Rate and type are represented in a composite variable 'allocation', including scores for the minimum and average rate of wage compensation, the direct link to previous wage, in addition to distributive features and support for family needs. Stability refers to the length of cover.

Source: Authors calculations based on the ILO's socio-economic security data-bases, OECD Employment Outlook and individual countries' labour ministries.

Observe in particular the strong dissimilarity in design features between the UK and Denmark. The UK design of income protection is overall among the least and the Danish among the most protective of developmental freedom. [11]

For the UK there is virtually *no distinction* between the UI and assistance phase (Clasen 2001). This obviously equalises recipients of income support in the simple procedural sense. But once we take temporal dimensions of control into account we can see that this policy is highly punitive in relation to developmental freedom, because anyone with financial commitments will need to take an immediate job. The overall distributive outcome is actually quite similar to that of Chile, if through different routes: here assistance and UI are completely separate (as in most emergent economies, Haagh 2006). However as in the UK the very poorest targeted by assistance schemes are theoretically covered. The lower middles on the other hand are likely to be excluded from an unemployment insurance based on a personal savings design in the context of high inequality and job insecurity. (Haagh, ibid). [12]

Another factor to consider is whether the relation to the previous wage also has a progressive element, ie whether those who earn less will have a higher ratio of cover of their previous income, or/and benefit from a high minimum coverage. Where this is the case the developmental freedom of the middles and the least well off are both factored in. The cases with the strongest combination of this type in the OECD were the other Scandinavian countries. [13]

In short, these consistency patterns challenge conventional wisdom about the kind of distribution valued in social democratic or more plan rational versus deregulated economies. It is often supposed that deregulated economies are those that value savings and effort whilst they punish the poor. Conversely, social democratic societies are thought to punish savings and effort and reward laziness and supporting the poor. As we can see that is far too simplistic. It is the lower middle that suffers the most in the (compensatory) deregulated economy. It is only in this kind of economy therefore that Dworkin's (2002, 131) concern about reciprocity between the assisted and working poor really pertains and where White's exchange-based logic is apparently relevant.

In turn, the depth and rooting of consistency patterns inside both well-integrated and disintegrated economies can be surmised from their link with longer-run societal patterns of integration between institutions. For example, UI scheme features are significantly correlated with the associative economy, as expressed in

levels (and movements over time) in unionisation and income equality (significance .000). A cluster analysis also incorporating the distribution of income sees the clusters of more or less distributive states sustained. At one end of the spectrum the grouping of de-regulated compensatory states remains largely unchanged (Table 2).

Table 2. Compensation regimes, degrees of likeness, defined by Rate and Type of Income Replacement, UI schemes, with Unionisation Rates and Gini Co-Efficients.

1. DK, Sweden, Finland
2. Norway, Belgium

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3. Australia
4. Germany, Holland, Austria, Italy, Canada, Czech Rep., Slovakia.
5. Switzerland, France, Spain, Portugal, USA, Hungary, Japan, S.K.

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6. South Africa, Brazil

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7. Ireland, UK, New Zealand, Poland
8. Chile

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9. China

Squared Euclidean DISTANCE:

	Closest	Furthest
DK	Finland (43), Sweden (156), Norway (556), Belgium (741), Austria (1628)	Poland (7823), Chile, New Zealand, Ireland, UK, Brazil (5118)
Germany	Holland (6), Canada (7), Italy (68), Switzerland (155)	China (4714)
Ireland	UK (213), New Zealand (308), Poland (349), Chile (890), Australia (1187)	Finland, Denmark, Sweden, France
Brazil	Sough Africa (91), 408 (USA), Portugal, Spain, South Korea (871)	China, Finland, Sweden, Denmark
Chile	New Zealand (213), UK (589), Poland (648), Ireland (890), Autralia (912), USA 1484	Finland, Denmark, Sweden, Norway, Austria, Portugal

Source: As Table 4.

At the other end of the spectrum we find a more 'typical' Scandinavian cluster as compared with when (in Table 1) we only considered design. This is not surprising given, as argued, that a common distributive pattern shaped by progressive taxation (Morley and Ward 2004) has allowed for design variations without affecting overall cover. Hence highly progressive taxation has reinforced low inequality of income at the same time as it has permitted a broad integration of the population, in Denmark as expressed in the high voluntary membership (88 percent) of unemployment insurance (financed by contributions but heavily subsidised), within a common economy.

This link between welfare equilibria and institutional density in turn has implications for our thinking about the processes that break down or consolidate the bases for social order. An example of breakdown is the effective abandonment of unemployment insurance in Britain, following deregulation of labour, first by public institutions (with the virtual merger with basic assistance, Clasen 2001), and later by private insurers, due to excessive risks (job insecurity). Insurance failure eventually embeds the simplicity of the compensatory paradigm, by increasing individuals' reliance on low state benefits, and therefore on a single mechanism of security; income support. In turn this is what, as argued in Part 3, generates punitive measures to enforce the duty to work. In time the same instability in work that has undermined insurance, undercuts the real feasibility of its alternative, workfare, because weak density of long-term networks in the private sector frustrates the return to work: lapses in performance – using Hirschmanian terms, become permanent routes to exclusion as opportunities for re-integration into mainstream patterns of consumption, occupation and income progression become increasingly stratified. [14] The process of institutional unravelling in the end erodes the foundation of social stability by separating the economies of those who pay for and those who enjoy social protection, hence creating the Dworkian dilemma. What we see in effect is the disintegration of the mechanisms, the moral socialisation from home through schooling to occupational and associational life, which, by permitting individuals' self-realisation, generate the natural assent to common rules which Rawls saw as the sine qua non (406-10) of a well-ordered society.

In summary, the linking in contemporary policy of the difference principle with a compensatory paradigm focussed on basic income support and basic (but not equal quality) schooling is incompatible with Rawls' vision of socialisation. The vector involved, as argued, is not in all probability what Rawls intended, as both basic

schooling and income can be improved whilst the gulf in other forms of advantage not within the tax nexus (private schooling, wealth) continue to grow. Rawls' fairly static view of *political* society (the possibility of long-enduring self-contained political rules, 1973, 400) undoubtedly let him to underestimate the rapidity of global forces in undermining the prospects for self-support and for plans of life. The inconsistency lies in the condition that, in a deregulated equilibrium, the political socialisation that Rawls saw as precipitating a move to a property-owning democracy, has no where to take hold.

On the other hand, the contemporary application of the difference principle in a compensatory direction is not altogether surprising given that you cannot meaningfully identify the least well off, in income or opportunity terms, without a dynamic notion of a mainstream economy (Haagh 2002). Such an economy implies acceptance of the principles of democratised development set out in Part 2, and therefore appears at least to conflict with liberal neutrality.

Hence, the solution to Rawls' overly static vision of social order as commonly seen to begin in the surrender to an essentially unpredictable global world is too unambitious. Whether the means are a better targeted use of resources to help the weak overcome inherent shocks, or to offer a more secure compensation for the loss of assets in jobs, too much is assumed about upwards and progressive mobility in a disordered world.

Conclusion

As a small contribution to a more positive vision of a liberal egalitarian social order, this paper has sought to situate our developmental nature at the centre of economic analysis. In turn by exploring the institutional aspects of developmental freedom we have attempted to deepen our practical understanding of work as a condition of social order and of distributive justice. This poses a challenge to idealistic accounts of choice and obligation in welfare analysis which tend to derive their logical (but often extreme) conclusions from a limitation of analytical and empirical premises to atomistic and presentialist actions.

Liberal egalitarians maintain that developmental paths are important, e.g. as 'routes to self-respect' (McKinnon 2007) or as "course[s] of working life" that give rise to "intrinsically valuable challenge[s]" (White 2003, 19; brackets inserted). However their prevalent use of an atomistic *account* of autonomy ensues in an

overly wide portrayal of the scope for responsibility and autonomy, in modern economies. In turn we are unable to pinpoint the relative importance of different types of occupational freedom, and which sets of institutions enhance or diminish the tensions between them.

Indeed, it is White's use of the atomistic economy as a point of reference that ultimately frustrates his comprehensive and otherwise well-structured attempt to provide a scheme for achieving fair reward for work (and real reciprocity) and at the same time to protect individuals' integrity interests.

But White's ultimately asocial account echoes a wider tendency to emphasize only the aspects of sociality that, as Archer (1995, 24) puts it, arise when 'in order to achieve some of our ends we require the cooperation of others'. At the root of this instrumentalist view is a sense of unease about the deliberate patterning of life style that unites post-modern egalitarian and economic liberal discourse on government. From this in turn arises a certain ignorance of the way unregulated markets (also) pattern our life style, and of the relevance therefore of harmonisation of the aspects (e.g. work-time, care, patterns of reward and others) that are a foundation of core developmental freedoms and choices. Excluded from view is our existential interest in sustainable occupation, predictable returns (to effort), and the life of integrity between the domains of work, leisure and family that sustains the individual's control over each.

As it is, the lack of institutional grounding has left liberal egalitarian discourse dangerously exposed to the fallacy that de-harmonisation enhances choice, and hence to a kind of institutional relativism in the realm of work that overly cossets us from examining the way, using Oshana's (2003, 106) terms "the types of lives that....properly autonomous person[s] can live [may be] *limited*" [brackets and emphasis added]. For example, some aspects of sustainable choice may require limitation, at certain points in time, of the range aspect of choice.

In light of this we have proposed that a pluralist institutional grounding of developmental freedom, can offer, compared with the atomistic account of autonomy, a more full view of the concerns liberal egalitarians (rightly) have about the control we can exercise over our developmental path, and about its social foundation.

The view of working life as a problem of equal membership of a regulated occupational realm leads this approach to resemble in many ways the concerns

post-war liberals had to provide an answer to problems of equality and social order that integrated concerns with competitive efficiency and individual autonomy.

But where this organic approach implicitly hinged on a post-war world of national stability, methodological integration today depends on more explicit efforts to forge shared patterns of economic activity. For the same reason it entails a more careful differentiation of functions of the institutions that support individual autonomy: Growing trans-national ties demand higher levels of coordination of economic activity to accomplish stable development. On the other hand, more multi-variabled and differentiated security is necessary to safeguard individual control and maximise the *range* aspects of sustainable choice that more open and dynamic economies have made a more acute individual interest (as reflected in both postmodernist and libertarian discourse). Importantly, by emphasizing institutions' complex ties and roles, the pluralist institutional framework shows how differentiated security facilitates dynamic learning, and hence can be simultaneously a source of support of developmental freedom, economic development and social order.

For example, as we have shown, equal freedom in work, broad-based competition, and social legitimacy derive mutual advantage from key aspects of harmonised development and from patterns of socialisation such as involved in equal quality schooling, rights to reintegration in mainstream work, risk-pooling and resources sharing between productive units, and coordination of tax and subsidy standards. These arrangements and institutions in turn depend (in a democratic society) on the public deliberation of development goals to legitimate the choosing and planning that as argued is necessary to protect sustainable global, local and individual economies. The pluralist institutional framework therefore helps inverse the relation between the (governance-light) economy and the (intensely governed) individual that is characteristic of contemporary welfare, and of White's scheme of social utility.

In short, by making the setting of development goals more accountable and at the same time promoting institutions that enable sustainable choice, it is possible to envisage a government of work and reward that minimises the need for individual intervention and maximises the scope for natural consent.

Endnotes

[1] Elsewhere (1999, 2002) I have discussed this condition as a problem of occupational citizenship.

[2] In other words, an important aspect of agency (agency control) is defined by our self-direction as control over time.

[3] Therefore to avoid a welfare trade-off a basic income would have to be small, phased in slowly (for some ways, see van Parijs, ibid), and its expansion partially linked to harmonised alternative taxes, e.g. on financial transactions, environmental risk or property wealth.

[4] For comparison, Germany spends 0.32, Holland, 0.60, Finland 0.30, Ireland 0.15, and the USA 0.03 (Haagh 2006, and calculations based on OECD figures).

[5] These finding shows the relevance to working life of North's (2005) general analysis on the human tendency to respond in entrepreneurial ways to opportunities for investment in making the future more certain (Haagh 2007); yet that this depends on a diversified institutional structure that supports individual autonomy through multiple sources of economic security.

[6] A case in point is the 2007 funding crisis in the British Broadcasting Corporation (BBC) with bosses unable to streamline core celebrities' pay due to competitive pressures, resulting in the sacrifice of smaller (and cheaper) programmes and general employment.

[7] A study of micro-finance in rural Thailand found that only 21 per cent of money lent was invested productively, the bulk going to consumption and re-financing of existing loans. Debt ratios to income of the poorest quintile sky-rocketed to 68 percent in 2003. (The Economist, February 3rd 2005, "Thaksin's Way")

[8] According to White, "[t]he community should also stipulate....that citizens *ought* to take jobs at or above some minimum percentage of their peak ability wage rate. The thought here is that higher pay may be indicative of more socially valuable employment". White (144) notes the evident problems but still insists on a "strong social expectation that individuals will, over the course of their working lives as a whole, avoid types of employment that are obviously out of line with their talents" (114). He suggests that it may be the function of state agencies and

labour unions to determine not only talents, but also enforce obligations somehow that individuals adhere to them, at pains of losing their right to subsistence (below).

[9] The idea of differentiated work hours of the less talented 116 also seems contrary to the notion of equal effort that elsewhere appears to be the foundation of White's philosophy, where he notes the unfair difference between the individual who makes a contribution from leasing a machine for productive use, and the person who works it (40, 120-121), and where he points to the problems of functionless property (56).

[10] A good example of this logic at a general level is the contrast between schemes finely targeted at the poor typical of high deregulated economies, (for example *Solidario* and unemployment insurance in Chile), and schemes in more regulated economies (*Bolsa Família* and unemployment insurance in Brazil) which use more general criteria (Haagh 2006). Conversely, Chilean debates strongly stress problems of moral hazard, individual responsibility and personal property (Haagh 2002), whilst policy-makers in Brazil emphasize security and natural incentives (Haagh 2005).

[11] The only time a flat rate will not be punitive of the developmental freedom of the lower middle (who have some but not enough investments to sustain unemployment) is where the flat rate is high and the overall inequality of income is low, as in Finland. On the other hand, Norway has a non-distributive but very high flat rate. The obvious contrast is Britain, which also has a flat rate, but a very low one in the context of high inequality. Hence in this case we see a strong direct relationship between the low distributions of income and of control.

[12] In both the UK and Chile these conditions entail that there is no pooling of risk between equals: In Chile's insurance scheme the insecure subsidise the secure, because the first group never qualify for payout (jobs are to short (Haagh 2006); whereas in Britain, distribution occurs from one class to another, the poor and middles who work and those that do not. In both systems, the working poor are penalised in relation both to the higher middles and the non-tax-paying poor.

[13] Countries like Brazil and Korea had intermediate to high distributive features because combining fairly high average coverage with an income-related (temporal) element. Typically countries with high average coverage are those where contributory systems are heavily supplemented from general taxation,

which allows for a more generous design (as in contrast with Chile's system of individual savings, Haagh 2006).

[14] The de-centralisation process whereby poorly performing schools are allowed to degenerate till they close, is a good example of deliberate disconnectedness, and of how institutional down-scaling in one domain (in the case of schooling the continued tolerance of quality difference) further aggravates the process of institutional unravelling.

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