



ETHICS INSTITUTE

Public goods: why government should provide them

Ethical Annotation #8

Author: **Maurits de Jongh**



**Utrecht
University**

Ethical Annotation #8

**Originally published May 2021,
translation January 2023**

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Author: **Maurits de Jongh***

** This is a revised version of ‘Ethische Annotatie’ #8 published in Dutch under the title ‘De waarde van publieke goederen. Een filosofische analyse over de herijking van de overheid’. Thanks to Joel Anderson, Rutger Claassen, Dorothea Gädeke, Carla Kessler, Marlon Kruizinga, Ingrid Robeyns, Naomi van Steenberg, Dick Timmer, Lydia Veneman, and Jan Vorstenbosch for helpful comments on earlier versions of the Dutch publication. Thanks to Bev Sykes for reading the English proofs.*

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Since the outbreak of the COVID-19 pandemic, government in the Netherlands and abroad has played a much more central role in the lives of citizens. At the same time, its functioning has been strongly criticised. But what exactly is the role of government and why is it valuable? This Ethical Annotation analyses the government's role in terms of *the provision of public goods*. Using three central values — *economic efficiency, social justice, and democratic politics* — it explains why government should guarantee and strengthen the provision of public goods:

- Public goods based on compulsion and coordination by government have different efficiency advantages, which cannot be reduced to the narrow economic definition of non-rival and non-excludable goods and the paradigm of market failure.
- Public goods promote social justice, particularly the distributive and relational dimensions of equality between citizens.
- Public goods should be both the precondition for and the outcome of democratic politics. They form the objects and scenes of respectful struggle and cooperation among citizens.



What is the role of government? How can it be strengthened? These questions received a lot of attention during the 2021 parliamentary elections in the Netherlands. During the campaign, even the ruling VVD party, which is traditionally sceptical of state power, emphasised with ‘right-wing warmth’ the importance of a ‘powerful’ rather than a ‘compact’ government.¹ The general functioning of the government is also high on the agenda in the ongoing formation of a new governing coalition. In response to the coronavirus crisis, governments have interfered drastically with the daily lives and familiar freedoms of citizens. But even before the pandemic erupted, the accumulation of multiple crises made the call for a fundamental recalibration of the government’s role louder. The list of serious problems in the Netherlands requiring a new approach is long: the glaring shortages of teachers and nurses, an overstrained judiciary, unprecedented environmental crises, failing IT systems in the government’s executive agencies, inadequate material equipment for the armed forces, and a broken housing market. Optimism about the self-organising capacity of the market has given way to increased awareness of the importance of good government.

At the same time, frustration with both the incompetence and the harshness of government action is mounting. The testing policy and the vaccination strategy used in the fight against

the pandemic were heavily criticised for their shortcomings. The childcare benefits scandal, which led to the resignation of the Rutte-III cabinet on 15 January 2021, revealed how all elements of the *trias politica* contributed to a vindictive hunt against parents allegedly involved in benefits fraud. The scandal resulted in ‘unprecedented injustice’ for countless families, from financial ruin to out-of-home placements of children.² It is symptomatic of how mutual trust between governments and their citizens is under great pressure. We thus find ourselves in a paradoxical position: we are simultaneously reminded of the crucial role played by a decent and effective government and sharply confronted with its shortcomings.

Against the background of this discomfort, political discussions often narrow down to oppositions between a large or small, a strong or weak, a decisive or inflexible government. However, as philosopher Haroon Sheikh argues, it is not only the fiscal size or administrative capacity of government that should be questioned, but also its very nature.³ Only when we know what the government’s role should be and why it is valuable can we sharply focus on how its functioning could be improved. A desirable ‘return’ of government therefore requires more than the current fixation in Dutch public debate with changes in administrative cultures or stronger institutional checks and balances on the exercise of power. An adequate recalibration of government will benefit from a clear understanding of government’s *raison d’être*.

¹ The characterisation ‘warm right’ was first used by Klaas Dijkhoff, former leader of the VVD’s parliamentary group; see www.youtube.com/watch?v=eSGqUMMBk4. For VVD prime minister Mark Rutte’s plea for a ‘compact and powerful government’, see the H.J. Schoo lecture he delivered on 2 September 2013 www.youtube.com/watch?v=A4JH_jjibi4.

² For more context on the childcare benefits ‘scandal’, see <https://www.theguardian.com/world/2021/jan/14/dutch-government-faces-collapse-over-child-benefits-scandal>; for the official report entitled ‘unprecedented injustice’, which was published following the parliamentary inquiry into the childcare benefits affair, see www.tweedekamer.nl/sites/default/files/atoms/files/20201217_eindverslag_parlementaire_ondervragingscommissie_kinderopvangtoeslag.pdf.

³ www.nrc.nl/nieuws/2021/04/07/de-vraag-is-nu-hoe-krijgen-we-een-andere-overheid-a4038672.

A simple and hardly controversial answer to the question of what the task of government is — its office — is that it consists of *the provision of public goods*. Prominent examples of public goods are defence and security, education and health care, state pensions and social security, scientific research and the arts, public transport and infrastructure, dykes and city parks, and natural reserves and energy supply. The public character of these goods is twofold.

1. Everyone benefits directly or indirectly: public goods are provided for ‘the public’. Although dykes primarily benefit those living near rivers, ultimately the entire population benefits from protection against floods.
2. Compulsion by government is indispensable: public goods are provided by the public or ‘public authority’. The government obliges everyone to contribute to public goods through legislation, taxation, and policy. It can organise production itself, for instance when police officers ‘produce’ safety. But it can also cooperate with civil society organisations and market players. For example, commercial pharmaceutical companies develop and produce coronavirus vaccines, but these are financed by governments.

Even though it is clear that *what* the government does is to organise the provision of public goods, this does not yet tell us *why* it should exercise that role. Would it not be better for ‘the free market’ or ‘the great society’ to self-organise these provisions, as has often

been argued in recent decades? Although the alleged indispensability of government remains contested, it is usually backed up by appealing to three central values. First, the provision of public goods and social services by the government promotes economic efficiency. Second, the government contributes to just social conditions, in particular distributive and relational equality among citizens. Third, it reinforces democratic forms of politics.

This Ethical Annotation shows how political and economic philosophy uses these three values to justify the provision of public goods by the government. To this end, I discuss the value of *economic efficiency* in section 2, the value of *social justice* in section 3, and the value of *democratic politics* in section 4. The main conclusions are drawn in section 5.

Before analysing the first value, a brief methodological reflection is in order. The insights from political and economic philosophy presented below are often assemblages of both normative aspirations and empirical claims. This means that they not only attempt to provide a normative justification, on the basis of which values public goods are desirable — that is, what the role of government *should be*. The goal is also to use these values to explain the actual existence of public goods — what the role of government is. In other words, we want to know why efficiency, justice, and democracy have normative power and to what extent these ideals guide a government’s actual pursuits. By building a bridge between ‘fact’ and ‘value’, a ‘rational reconstruction’ of institutions such as government is offered.⁴ Let us now look at the value of economic efficiency.

⁴ For this philosophical method, see Habermas (1992) and Heath (2011). An important similarity between the German philosopher Jürgen Habermas and the American philosopher John Rawls is that both, following Hegel, aim for ‘rational reconciliation’ with political institutions and social reality; see Rawls (2001) and de Jongh (2018). The world looks back rationally, Hegel argues, to those who behold the world rationally; see Hegel (1949), p. 23.

In what sense can economic efficiency explain and justify the provision of public goods? To answer this question, we must first know what efficiency means. In the classic definition by the Italian economist Vilfredo Pareto, efficiency refers to situations in which the position of at least one person improves without any other person being worse off. When such improvements are no longer possible, the situation is 'optimal' in terms of efficiency.⁵ Economists generally believe that markets are more successful in promoting efficiency than other forms of social organisation. The price mechanism of the market reflects the cost of a good and coordinates supply and demand. It facilitates voluntary transactions that improve the position of both producers and consumers. Mainstream economic theory holds that goods should therefore be private as a rule, since the market's price mechanism promotes efficiency.

However, there are several exceptions to this rule. The market may also fail to realise efficiency. When a market failure occurs, the price mechanism does not reflect the actual costs of a good and an efficient coordination of supply and demand is not achieved. Public goods are identified in economic theory as a central cause of market failure. It defines these goods as 'non-rivalrous' and 'non-excludable' in terms of their consumption. Non-rivalry occurs when the consumption of a good by one person does not lead to reduced consumption opportunities for others. Non-rivalry occurs when it is technically impossible or very expensive to exclude people

from consumption. Street lights are a typical example of such a good. My enjoyment of street lights during an evening walk does not reduce the available light that others can consume (non-rivalry). And without placing costly toll booths on every street corner, it is also difficult to keep other passers-by from enjoying the light (non-excludability). Like street lights, protection by dykes or armed forces is similarly non-rivalrous and non-excludable in terms of its consumption.

The reason why non-rivalrous and non-excludable goods cause market failure is that an individual economic actor will try to profit from such a good without contributing to it: they will behave as a 'free-rider'. This presents a so-called collective action problem. The problem is that a strategically acting individual has incentives to hide their true preferences for goods like street lights or flood protection. Free-rider logic works in two directions. On one hand, if the supply of a costly good such as street lights is inadequate, a single individual's willingness to pay will not be enough to overcome this inadequacy. On the other, if supply is adequate, there is nothing to prevent this individual from benefiting without making a payment. Since no additional costs are created by free-riding (consumption is non-rivalrous), the market's pricing mechanism, in which prices are tied to the level of marginal costs, fails. No private supplier will want to offer the good without the prospect of an attractive price. In short, a market for street lights or dyke protection is economically inefficient.

⁵ www.oxfordreference.com/view/10.1093/oi/authority.20110803100306253.

This sub-optimal or inefficient situation can only be remedied if a compulsory organisation — the government — obliges everyone to contribute to the good. Only mandatory contributions can guarantee an adequate supply. Instead of asking for voluntary contributions to the cost of street lights or dyke maintenance, the government obliges all citizens to pay taxes for the provision of these goods. With respect to non-rivalrous and non-excludable goods, governmental coordination and compulsion therefore have large efficiency advantages over the price mechanism that facilitates voluntary transactions on the market.⁶ In economic theory, this efficiency advantage constitutes both an empirical explanation and a normative justification for the existence of government.

The economic theory of public goods and its paradigm of market failure are widely endorsed. But in opposition to the ‘welfare economists’ who subscribe to this theory, there are also supporters of a rival ‘public choice theory’. In principle, public choice theorists too recognise a role for government in providing non-rivalrous and non-excludable goods, alongside the protection of the right to private property. But these critics point to the risk of merely replacing a market failure with a ‘government failure’. The supposed cure by government action, they argue, tends to be more detrimental than the original ill of market failure. In the case of government failure, the efficient provision of public goods is undermined by an inefficient promotion of private interests (also called ‘rent-seeking’). Examples range from

mortgage interest rate deduction for homeowners to subsidised discounts on museum entry fees for elderly people. According to supporters of public choice theory, ever-changing majorities for cases like these will use government’s compulsory powers for their own gain rather than in the service of collective provisions that improve everyone’s situation. They argue that majority decision making must be constrained to counter the pathology of government failure.⁷

The economic theory of public goods has impressive roots in classical economics, utilitarianism, and continental traditions of public finance. Yet its predominance in thinking about public goods is a mixed blessing. At best, it succeeds in explaining and justifying the continuation, but not the creation, of government. After all, if *homo economicus*’ free-riding behaviour were indeed so pervasive, he would hardly be persuaded to accept the solution of compulsion by government in the first place. It is also difficult for the economic theory to reconstruct existing government action. As the American political theorist Richard Tuck has argued, it is unclear why government officials would not also be acting ‘irrationally’ when they compel everyone to make contributions to public goods.⁸ After all, a single official’s failure to collect mandatory contributions from citizens would only have a marginal, negligible effect on overall contributions, similar to an individual’s failure to voluntarily contribute to a public good. However, if all government officials acted on this strategic logic and thus

⁶ See, in particular, Samuelson (1954), Musgrave (1959), Olson (1965), and Hardin and Cullity (2020).

⁷ The contrast between economists who emphasise government or market failure, respectively, is illustrated well in Buchanan and Musgrave (1999).

⁸ See Tuck (2008).

failed to enforce contributions, the provision of the public good would not get off the ground. In short, the economic theory leaves us in the dark as to why the proposed solution — governmental compulsion — does not infinitely reproduce the problem of free-rider behaviour.

Another shortcoming of the economic definition of public goods is that government also has efficiency advantages over the market that extend beyond the provision of non-rivalrous and non-excludable goods. For example, centrally administered public authorities are able to avoid transaction costs in the market, just as economies of scale in private firms reduce such costs. The collection of information, the negotiation of contracts, and the control of deliveries can impose transaction costs on top of the price for a good on the market. For this reason, it may be more advantageous to organise production ‘in house’ rather than outsource it to a market party. Furthermore, governmental compulsion in welfare states can also achieve efficiency benefits by discouraging risk-increasing behaviour (a ‘moral hazard’) through regulation or taxation. Examples include a ban on smoking in public spaces and collecting duties from tobacco sales to promote public health. Finally, compulsory social insurance for everyone avoids the problem of adverse selection in the case of voluntary, private insurance.⁹ The debate on compulsory disability insurance for self-employed workers in the Netherlands, so-called ZZP’ers, illustrates this problem. In current government plans, self-employed persons are exempted from paying

compulsory contributions to the UWV when they take out private insurance. If they run a low risk of becoming disabled in a way that affects their capacity to work, a commercial insurer can offer them favourable premiums. The premiums for the public insurance scheme, on which self-employed persons with higher risk profiles would be dependent, then become too costly. Only mandatory contributions to a public arrangement by can overcome this efficiency.¹⁰

The Canadian philosopher Joseph Heath argues that these wider efficiency gains from governmental compulsion provide the central explanation for why the public sector occupies a relatively larger share of the economy in rich countries than in poor countries. After all, in rich countries people can afford to devote more attention and resources to ‘quality of life’ issues such as clean air, health care, and various social insurances — goods that are better provided through governmental coordination and compulsion than through voluntary market transactions. Heath also stresses that economic efficiency is a moral value and not just a technical matter. He subscribes to the thesis that inefficiency is, morally speaking, at least as problematic as inequality. Whereas inequality has at least one winner, inefficiency only involves losers since everyone is worse-off.¹¹

Recognising the value of economic efficiency that underlies public goods prevents a simplistic opposition between market and government. According to this opposition, government serves social justice at the expense of efficiency, for

⁹ See Heath (2011), Coase (1937), and Stiglitz (1983).

¹⁰ www.nrc.nl/nieuws/2021/03/29/verzekeringsplicht-zzpers-stuit-op-talloe-obstakels-a4037693.

¹¹ See, for example, Heath (2001, 2011) and Davis (1998).

example in the form of redistribution to counter inequality. The market, on the other hand, would realise efficiency at the expense of social justice. This picture, as Heath and others stress, is a misleading caricature.¹² Understanding the efficiency benefits of governmental compulsion and coordination helps to debunk misguided beliefs about the overall superior efficiency of market forces on the right wing of the political spectrum. At the same time, recognising the moral importance of efficiency pushes back against unqualified critiques of ‘efficiency thinking’ and ‘market logic’ on the left. Such critiques risk misrecognising the efficiency benefits of government and can thus play into the hands of ideological opponents of a neoliberal persuasion. Efficiency in the provision of public goods by the government should, in fact, be increased. The challenge is to promote efficiency in ways that do not *generalise* this value at the expense of other ideals such as justice and democracy.

So far, a number of shortcomings of the economic theory have been addressed. However, the most fundamental problem of the market failure paradigm is that it positions public goods as subordinate and *instrumental* to private goods on the market. The assumption is that the ‘free market’ is a self-organising mode of social organisation. The government is allowed to intervene in the market or correct its outcomes only after its failures have been established as facts. Critics of government express suspicion as to whether its coordination and compulsion are

too interfering or wasteful — too inefficient — in an otherwise self-regulating market process.

Along these lines, one often encounters arguments in public debate that market forces are the natural order of things and that government should only come into play later. Take two examples from the Dutch context. Asked about the more central role of government in the VVD election manifesto, prominent party member Ben Verwaayen argued that the free market needs a so-called market master or referee.¹³ Verwaayen referred to the need to regulate Big Tech players like Google and Apple. Before the elections, prominent anchorman Jort Kelder expressed his concerns about the expansion of the public sector. The money to pay for public services, he stressed, must *first* be earned by private entrepreneurs.¹⁴

This picture, however, is highly questionable. Without public goods, entrepreneurs cannot even get started to make money. They cannot succeed without access to public roads; talented and healthy staff cannot be found without education and health care; business deals rely on a stable currency and a functioning legal system; and so on. Public goods are thus not merely instrumental but *constitutive* of the market: without them, private enterprise is not possible at all. The government also facilitates private initiative by playing a more encompassing role than just that of referee over the market. It is often also a captain or at least teammate on the economic playing field.¹⁵ For example, the success of the Big Tech companies Verwaayen referred to can largely be traced back to initial public investments

¹² See also Landes and Néron (2015) and Moss (2002). For an economic analysis of the detrimental impact of socio-economic inequality on economic efficiency in market economies, see Bowles (2012).

¹³ www.npostart.nl/ben-verwaayen/10-01-2021/POMS_VPRO_16397799.

¹⁴ See, for example, www.npostart.nl/wnl-op-zondag/07-03-2021/POW_04917540.

¹⁵ Of course, social life does not take place exclusively on an *economic* playing field. The view that social intercourse is essentially about economic interactions on the market is instructively criticised by the French sociologist Pierre Bourdieu. He notes that ‘by reducing the universe of exchange to merchant exchanges, which are objectively and subjectively oriented towards profit maximisation, i.e. (economic) self-interest’, modern economic theory ‘implicitly defines all other forms of exchange as non-economic, and therefore as disinterested’; see Bourdieu (1986: 241).

in digital technology by the US government.¹⁶ Examples like these show that government is not just about correcting market outcomes retroactively, as the terminology of market failure suggests. They also caution against the self-reinforcing effects of criticizing government failure, leading to long-term disinvestment in the public sector.

To summarise, the economic theory shows that government plays an important role in promoting efficiency. At the same time, the paradigm of market failure has been shown to impose limitations on a fundamental reappraisal of public goods. An adequate account underscores the constitutive role of public goods for the market and emphasises their contribution to the realisation of values other than that of efficiency alone.

Understanding the efficiency benefits of governmental compulsion and coordination helps to debunk misguided beliefs about the overall superior efficiency of market forces.

¹⁶ For this example and, more broadly, a sharp critique of the paradigm of market failure, see Mazzucato (2013, 2021) and www.theguardian.com/commentisfree/2013/dec/15/george-osborne-public-spending-taxpayers-money.



Following the work of John Rawls, many political philosophers subscribe to such a pluralistic view of values without first giving priority to the ideal of justice. Rawls calls justice ‘the first virtue of social institutions’ and translates this into principles that can durably regulate social interaction.¹⁷ The liberal egalitarianism that builds on his work distinguishes between two fundamental dimensions of equality: *distributive* and *relational* equality. Whereas the first dimension emphasises the value of an equal distribution of goods or resources, the second dimension emphasises the value of equal and respectful relationships between people. Both dimensions are important in answering the question of why social justice is a reason why government should guarantee the provision of public goods and social services.

Let’s start with distributive equality. It is evident that when goods such as education, care, pensions, and parks are public, they promote distributive equality between citizens. Access to these goods on that basis is not dependent on the individual financial and economic capacity of citizens. Inequalities in private resources become less important as public access to goods and services is greater. Whereas some social services, such as state pensions or a basic income, have a

direct impact on distributive equality, other public goods have a strong indirect effect. For example, the accessibility and quality of education are decisive for the creation of fair equality of opportunity, which in turn has an ulterior influence on the level of income and wealth inequality in a country.¹⁸

Despite these seemingly positive effects, it can also be argued that public services in the welfare state do not so much promote distributive equality as an efficient pooling of risks. In this vein, the American philosopher Robert Goodin argues that social insurance leaves existing market-generated patterns in the allocation of resources untouched. For example, the gender pay gap is not reduced when both men and woman have disability insurance. According to Goodin, social insurance can therefore not be considered redistributive in any fundamental sense.¹⁹ Yet Goodin’s critique, while valuable, underestimates how different ways of collecting revenue and using expenditures for public goods can promote or undermine distributive equality.

Indeed, the financing of public goods requires political choices and institutional design that have distributive implications. This can be done via both a specific and a generic approach. In the first approach, attempts are made to achieve ‘tailor-made’ distributive effects with the financing of specific services. Examples include

¹⁷ While social justice and economic efficiency are compatible ideals, the priority of the former is threefold. First, Rawls emphasises that greater efficiency should not be a pretext for infringing on the equal freedoms and rights of individual citizens. Second, he considers efficiency losses permissible to rectify or compensate for existing injustices. Finally, he argues that it is necessary to use social justice, specifically what he calls the difference principle, to select between economically efficient situations. The difference principle states that socio-economic inequalities are allowed only on the condition that they are to the greatest benefit of the least advantaged. Although this principle does not dictate specific distributive outcomes, it does provide a criterion to distinguish just from unjust efficiencies. Viewed in this way, the doctrine of ‘trickle-down economics’ does express economic efficiency — benefits for the most advantaged would also spill over to the rest of society — but not social justice; see Rawls (1971, 2001).

¹⁸ Rawls arranges his principles of justice with ‘lexical’ priority: the principle of equal freedoms and rights has precedence over the principle of fair equality of opportunity, and both have precedence over the difference principle. However, he insists that the first two principles also have distributive effects; see Rawls (2001). The example of the public good of education illustrates these distributive effects of the principle of fair equality of opportunity.

¹⁹ Goodin (1988) and Heath (2011).

means-tested health care premiums and supplementary grants for students with less affluent parents. According to the generic approach, the overall progressivity of income tax, and the ratio between taxes on labour and capital, can be designed in more or less egalitarian ways. In terms of political feasibility, there is reason to prefer the generic strategy. After all, support among citizens for universally accessible public goods tends to be higher compared to conditional, means-tested provisions from which not everyone benefits directly.²⁰ Both approaches show, however, that distributive equality cannot be reduced to retroactive corrections of unequal market outcomes ('redistribution'). Distributive equality can also be achieved politically by designing the tax system in a more egalitarian manner 'in advance' of market outcomes ('predistribution').²¹

Nevertheless, Goodin's critique of the role of public goods and social insurance in promoting distributive equality does raise important concerns. To see this, it is necessary to take a closer look at a prominent current within liberal egalitarianism: luck egalitarianism. According to this school of thought, it is unjust if individuals are worse off than others in a distributive sense due to circumstances that are beyond their control. Luck egalitarianism states that people should bear responsibility for the distributive consequences of their own choices. However, they must be compensated for adverse circumstances and events over which they have no control.²²

At first sight this distinction between choice and circumstance seems plausible and normatively defensible. From a moral point of view, it matters whether someone becomes disabled for work purposes because of a hereditary disease (bad luck) or as the result of an accident caused by joyriding or off-piste skiing (choice). However, the emergence of the welfare state in the nineteenth and twentieth centuries resulted precisely from the impossibility of determining individual responsibility (and legal liability) for damage caused by risky behaviour. For example, accidents at work occur with great statistical regularity in an industrialising economy. In that context, it is more efficient to make risks collective through compulsory insurance than to trace and attribute individual responsibility: accidents simply happen.²³ Individual choices and social circumstances are so intertwined that it is almost impossible to know when compensation is justified on luck egalitarian grounds or not. Tracing individual responsibility is also often morally undesirable. Critics of luck egalitarianism insist that the focus on individual responsibility can be humiliating. It is often accompanied by a substantial breach of an individual's privacy.²⁴ Moreover, the emphasis on individual responsibility is insensitive to the structural factors that contribute to socio-economic inequality.²⁵

The childcare benefits scandal in the Netherlands makes painfully clear how a disproportionate hunt against alleged abuse of benefits is triggered when these are means-tested

²⁰ See, for example, van der Waal, de Koster, and van Oorschot (2013).

²¹ See, for example, O'Neill (2020).

²² Dworkin (2002).

²³ See Ewald (1986).

²⁴ See, for example, the criticism of the 'Inlichtingenbureau' to combat fraudulent use of benefits in the Netherlands: www.volkskrant.nl/nieuws-achtergrond/staat-licht-in-jacht-op-uitkeringsfraude-burgers-volledig-door-tot-verbazing-van-privacy-experts-b41a35c6.

²⁵ Landes and Néron (2015); see also Anderson (1999) and Wolff (1998).

in a way that tracks individual responsibility for one's financial situation. According to journalist Jesse Frederik, the public outcry against fraud concerning housing and health care benefits by Bulgarians in 2013 — which fuelled calls for tougher surveillance of benefits abuse — amounted to only 0.006% of the total benefits paid out by the government that year.²⁶ In light of this limited extent of the problem, it is at least an open question how much focus should be placed on individual responsibility, and thus on unmasking potential 'fraudsters' and 'profiteers'. Of course, obvious abuse of, and perverse incentives in, the system of government provision cannot be ignored. But the moral and financial costs of investigating whether support in individual cases is truly 'deserved' do not seem to outweigh the scale of fraud with benefits. The distinction between choice and chance may therefore seem attractive in theory, but in practice it runs into many objections.

Against this background, there is all the more reason to aim for a generic political strategy in which 'universal' public goods are expanded in favour of particularised social services. Examples include a guaranteed basic income and free childcare.²⁷ Reducing conditional, means-tested programmes for specific groups not only prevents bureaucratic problems from arising. Universal public goods can also promote distributive equality if their financing is based on a simpler and fairer tax system. Distributive justice does not require the construction of needlessly complicated systems of benefits or fiscal exemptions.

Let us now take a closer look at relational equality. What is the role of public goods in expressing this other dimension of the value of social justice? According to critics of luck egalitarianism, abandoning a harsh distinction between the deserving and the undeserving poor promotes this relational dimension of equality. According to relational egalitarianism, distributive equality is a feature of equal, respectful relationships between people rather than a goal in itself. After all, inequalities in a distributive sense are often the symptoms of hierarchical social relations in which respect is hard to find. As the German philosopher Rainer Forst puts it, the fundamental question of social justice is not so much 'what you have but rather how you are treated'.²⁸ The value of social justice cannot be articulated solely in abstract, distributive principles but rather requires the cultivation of an 'egalitarian ethos'.²⁹ Mutual respect and trust — between citizens and the government as much as among citizens themselves — are central to this ethos.

According to the Canadian philosophers Xavier Landes and Pierre-Yves Néron, the public goods of the welfare state express such an ethos of respect and equality. They cannot be explained and justified solely as an economically efficient device of risk management. The welfare state can also be conceived as an insurance association in which citizens collectively guarantee the damage suffered by individual members. Public insurance expresses mutual respect in a community by compensating exposure to social risks and

²⁶ See www.nrc.nl/nieuws/2021/02/08/wat-leren-media-van-de-toeslagenaffaire-a4030973.

²⁷ For a further discussion of this problem in relation to basic income proposals, and the role of the reciprocity principle, see Robeyns (2019).

²⁸ Forst (2014: 11).

²⁹ See Wolff (1998).

misery arising in the context of capitalist economic dynamics.³⁰

The value of social justice, in particular the distributive and relational dimensions of equality, provides clear grounds for guaranteeing public goods by government. However, this does not imply that all public goods which a state *can* provide *must* also be guaranteed. In order to clarify this last point, a distinction is often made between public goods that are *necessary* and those that are merely *discretionary*. Whereas education and health care are essential requirements for creating just social relationships, this cannot be argued with the same force for discretionary goods such as museums or city parks.

Precisely because public goods rely to a large extent on compulsion and coordination by government, the normative burden of proof for the provision of goods that are ‘optional’ as far as justice is concerned is much higher. Surely a government is guilty of impermissible forms of paternalism when it subsidises such goods through tax revenues? And doesn’t the neutrality of the state with regard to different notions of taste and the good life require great restraint in the provision of such goods? Suppose I am not particularly fond of the art exhibited in the Rijksmuseum in Amsterdam. Or suppose I prefer to avoid city parks rather than visit them because I am allergic to pollen.³¹ In these situations the argument is quickly made that my obligation to contribute to the financing of these goods through taxation is unjust. It can be claimed that this argument is unproblematic as long as citizens benefit more or less equally from ‘bundles’ of

these discretionary goods.³² At the same time, there seems to be no conclusive normative justification for the provision of discretionary public goods.³³ Democratic decision-making by majorities can, according to many, legitimise these goods procedurally, but does not offer a conclusive normative justification.³⁴

The question is, however, whether the lack of a final justification not also applies to public goods that are ‘necessary’ from the point of view of justice. After all, in many cases these goods are difficult to distinguish from their discretionary counterparts. Take city parks. They serve as a standard example of discretionary public goods.³⁵ However, for many residents of large cities who live in small apartments, access to a city park is essential to their physical and mental health. The lockdowns of the coronavirus crisis have only further underscored their crucial role. Seen in this light, it is not obvious to label health care as essential requirements for social justice and city parks as merely optional ones. Moreover, although ‘health’ or ‘safety’ can be recognised as a necessary public good, it is not obvious how a government can provide this in a just manner. For example, using part of the tax revenue to pay for an army can reasonably be considered unjust by someone who holds pacifist views. Similarly, the inclusion of IVF treatments in the basic health insurance package could also be met by objections from people who regard birth control as an ecological duty. These examples show that the just provision of public goods remains a constant topic of political debate.

³⁰ Landes and Néron (2015).

³¹ Anomaly (2015).

³² See, for example, Feinberg (1994), Klosko (1987), and Claassen (2013).

³³ In this respect, Rawls’s political philosophy is unexpectedly libertarian in nature, as he aligns himself with James Buchanan’s requirement that such decision making be based on unanimity, which effectively grants a veto right to any citizen who states ‘not with my tax dollars!’. See Rawls (1971) and Buchanan (1968).

³⁴ Kohn (2020) and Anomaly (2015).

³⁵ See, for example, Kohn (2020).

The value of social justice, in particular the distributive and relational dimensions of equality, provides clear grounds for guaranteeing public goods by government. However, this does not imply that all public goods which a state can provide must also be guaranteed.



The contested character of public goods brings us to the value of democracy. The absence of a conclusive rationale based on social justice invites a lively, democratic politics of public goods. Such a politics transcends an approach in which public goods are evaluated solely in terms of individual gain. Rather, the starting point is the involvement of citizens in the question of what kind of world they want to share and leave behind. Along with political theorist Hannah Arendt, we can state that it is not our narrow self-interest but rather the world as a shared interest ('*inter esse*' or 'in between') that is central to such a politics. Democratic politics gives rise to a reappraisal of public goods because they constitute the objects and scenes of respectful struggle and cooperation between citizens.

To understand how public goods strengthen democratic politics, it is useful to look at the work of British philosopher Michael Oakeshott. According to him, there is no necessary connection between the office of government (what tasks must it fulfil?) and its constitutional legitimation (where does its authority come from?). The tasks of the government cannot be directly derived from its legitimation (democratic or otherwise).³⁶ From an analytic point of view, this strict distinction between the office and the constitution of a government seems correct. After all, the view that, for example, only a democratically elected government is legitimately constituted implies nothing about what it should

do or refrain from doing. For example, this view does not dictate either the libertarian belief that governmental compulsion and coordination should be limited to the protection of private property, or that it is instead required to offer a comprehensive range of social services. From a historical perspective, Oakeshott also seems right. The administrative history of a state cannot be directly explained by the constitutional history of its government. For example, the expansion of public goods and social services in European states after the Second World War does not correspond to the extension of electoral rights a few decades earlier.³⁷ Moreover, state functions have also increased in scale and complexity in countries where government has not been similarly democratised. Thus, the distinction between the office and the constitution of government is both *analytically* and *historically* plausible. Yet Oakeshott does not adequately address the *normative* link between democracy (constitution) and public goods provision (office) in modern welfare states.

In contemporary democracy theory, the link between democracy and the welfare state is characterised as 'recursive' and 'reflexive': the arrangements of the welfare state not only enable democratic self-government but also need to be subject to ongoing practices of democratic legitimation. For example, it is difficult to imagine how autonomous citizens can participate in democratic deliberation and decision making without acquiring the necessary skills for political participation through education. Other examples

³⁶ Oakeshott (1957).

³⁷ In the Dutch case, for example, the lack of a causal link between the expansion of the suffrage and the growth of the welfare state is explained by the predominance of Christian political parties, in which notions such as 'subsidiarity' and 'sovereignty in one's own circle' were used to limit the reach of 'government interference'. See, for example, van Kersbergen and Vis (2016).

of this enabling function abound: many citizens cannot participate politically without access to health care; an adequate public housing policy is necessary to secure the private autonomy of many individuals, which in turn is a precondition for fulfilling the public role of citizen; and so on.

At the same time, it is normatively undesirable that the provision of public goods lies solely in the hands of administrators, officials, or experts. Government provision also requires democratic legitimation by citizens themselves. In short, a shared infrastructure of public goods should be both the *precondition* for and the *outcome* of democratic politics. This relationship between public goods and democracy is what the American political theorist Kevin Olson calls a ‘paradox of enablement’. This paradox is particularly visible in the position of vulnerable citizens. Ideally, there should be a virtuous circle in which public goods and social services enable citizens to leave their mark on democratic politics. In so doing, they become co-authors of the very same provisions about which politics decides. But this circle can also turn out to be vicious. If diminished public services fail to equip citizens for democratic participation, their co-authorship is eventually eroded. They end up as passive objects of these residual public goods or, in an extreme case, of crisis management or privatisation policies as remnants of the office of government.³⁸

This paradoxical relationship between democratic politics and public goods is anticipated by Rousseau when he asks whether good laws make good citizens or vice versa.

Rousseau attempts to solve the chicken-and-egg problem by introducing the legendary figure of the ‘legislator’, who sets the virtuous circle between good laws and good citizens in motion.³⁹ As the American political theorist Bonnie Honig argues, it is tempting to solve this paradox with Rousseau in an exceptional, historical moment of foundation. She suggests that this paradox should be continuously reworked and rearticulated in everyday politics where citizens engage in a respectful struggle and cooperation over ‘public things’.⁴⁰

According to Honig, public goods can give a distinctive expression to the value of democratic politics because they direct us towards a common world of shared objects and points of orientation. According to Honig, the theory and practice of democracy suffer from an excessive fixation on proper procedures and collective identity. She argues that a democratic politics of public goods points us towards the binding force of a shared *infrastructure* guaranteed by the government. In the Dutch context, where substitutes for the binding institutions in a so-called ‘pillarised’ society are still sought, this is a potentially powerful message. It allows us to see shared public goods as the basis for solidarity in a country where diversity is celebrated. Viewed in this way, the procedures and principles of the constitutional democratic state are not ‘the only foundation we have left’, as minister of state Herman Tjeenk Willink puts it.⁴¹ Our bicycle lanes, local libraries, courthouses, hospitals, and fire stations are also part of this shared foundation. It

³⁸ Olson (2006); see also Honig (2009, 2017).

³⁹ Rousseau (2012) and Honig (2009, 2017).

⁴⁰ See Honig (2009, 2017).

⁴¹ See the interview with Tjeenk Willink in Boomsma and Röselaers (2019).

is not only the government's duty but also that of citizens to maintain and strengthen this infrastructure. If we stick with Tjeenk Willink's terminology, public goods not only give substance to the role of the government (the 'office of government') but also to the 'office of citizenship', which we must shape together.⁴²

We have seen that Honig's argument shifts attention from collective identity (self-image) to a shared infrastructure (world view). Yet she shows little naiveté about the extent to which public goods can also be instruments of identitarian exclusion and oppression. Both the 'public' and 'good' nature of public goods can be

misleading. She notes, for example, how public swimming pools in the United States were abandoned for private ones by the white middle class after the desegregation laws.⁴³ This critical view of public goods is also relevant to the Netherlands, where, for example, the childcare benefits scandal disproportionately affected parents with a migrant background.⁴⁴ A democratic politics of public goods thus offers an opportunity to transcend the venom of narrow identity politics. But it also obliges us to recognise and combat widespread identity-related injustices.

Ideally, there should be a virtuous circle in which public goods and social services enable citizens to leave their mark on democratic politics. But this circle can also turn out to be vicious.

⁴² Tjeenk Willink (2018).

⁴³ Honig (2017).

⁴⁴ www.trouw.nl/politiek/de-volgende-vraag-voor-rutte-hoe-ver-ging-het-etnisch-profileren-in-de-toeslagenaffaire-bcefd9d5

***Public goods should be
both the precondition
for and the outcome of
democratic politics.***

In this Annotation, the role of government has been cast in terms of the provision of public goods. We have examined why this role is valuable. In order to answer this question, three values that are expressed in government provision of public goods were analysed:

- Public goods based on governmental compulsion and coordination have different efficiency advantages, which cannot be reduced to the narrow economic definition of non-rivalrous and non-excludable goods and the paradigm of market failure.
- Public goods promote social justice, in particular the distributive and relational dimensions of equality between citizens.
- Public goods should be both the precondition for and the outcome of democratic politics. They form the objects and scenes of respectful struggle and cooperation among citizens.

Of course, there are also other, closely related norms, values, and principles that underscore the importance of public goods. The focus on efficiency, justice and democracy no doubt leaves us with an incomplete picture. However, all three values provide reasons *why* the role of government is up for critical reappraisal.

Yet we must also ask ourselves *how* this reappraisal should take shape. This requires more than the current attention that is being paid to a new administrative ethos and culture. Government should be more fundamentally repositioned in relation to the market and civil

society. Second, the internal organisation of the government should find a new balance between complex administrative realities and the guiding principles of the democratic constitutional state. And finally, government needs to be more strongly interspersed between supra-national organisations, multilateral contexts, and international law in order to strengthen the provision of cross-border, *global* public goods as well. A subsequent Ethical Annotation will be devoted to this institutional translation of the normative perspective on government outlined here.

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