
THE LIBERAL AND LIBERTARIAN VIEW OF THE WELFARE STATE

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Abstract: The reduction of the state of well-being is a current topic both in the general and in the professional public. There is debate in the professional public about the reasons that caused the welfare state to decline. An important part of the researchers point out that the collapse of communism, among other things, has resulted in a reduction of welfare states around the world. However, the number of analysts who consider that the idolatrical movements and the debates between the Liberals and the Libertarian have also influenced the practices associated with the reduction of the welfare state. In order to understand the differences between these two ideological doctrines, in this text we will consider the basic positions of the most prominent liberal author John Rawls and the most notable libertarian author Robert Nozick.

Keywords: Liberalism, Libertinism, welfare state

1. THE DIFFERENCE BETWEEN LIBERALISM AND LIBERTARIANISM

Liberalism and libertarianism are political and economic theories. For both, economy is the basis of the social structure and dynamics. The economic structure has its own reflection in the structure of the society. Economic dynamics cause social dynamics. Although the basis of liberalism and libertarianism is the same, many today consider liberalism as a leftist political ideology, while libertarianism inspires creation of right-wing public policies (Bruce and Yearly 2000: 172).

Liberalism as a political and economic theory emerged in the 17th century and is tied to the names of John Stuart Mill, John Locke, David Hume, and Jeremy Bentham. Liberalism has become particularly influential in the time of industrialization, in the sphere of the economy it has advocated freedom of the market and, accordingly, a small state and a small taxation. The state according to liberalism should be directed only to providing the basic functions, which is to guarantee the safety and order of its citizens. All that is above is unnecessary and unjust, because it enters the sphere of individual freedom and limits it. For the liberals, the state is a sphere of coercion, and the market is a sphere of freedom. Political liberalism advocated the formation of national states and democratic political systems. Over time, both economic and political liberalism had to make serious compromises. The political liberals, guided by the principle of the right to self-determination of ethnic groups and the formation of national states from the previously existing multinational empires, after the First World War and the numerous wars for exercising the rights that liberalism supported, moved to a policy of support of the sovereignty of national states and solving interethnic problems as internal issues of the same. In recent decades, liberal political theory has increasingly insisted on identity politics.

Economic liberalism, which advocated free market economy and non-interference by the state in the economy, after the great economic crisis of the 1930s, has also evolved and, under the influence of Keynesianism, accepted that the state can be an independent mechanism with a beneficial effect, when the development spiral of the economy is moving down.

Libertarianism, on the other hand, is a political and economic theory that insists on the basic principles of liberalism which, due to socio-economic circumstances, liberalism itself, has abandoned. Due to the uncompromising insistence of freedom of choice, some authors place libertarianism between anarchist-capitalist theories (Duncan 2010). Libertarianism as a theory pays particular attention to the natural rights of individuals, in particular the right to property and the right to choose and dispose of their property. The Libertarians insist on a small state, a market economy and a state's non-interference in the economy. Theoretical and ideological libertarianism was developed by the Austrian School of Economics and above all by Friedrich von Hayek. As a political and economic theory, it was accepted by some conservatives in the United States, but in the clash with traditionalists and McCarthyism in the 1950s it was marginalized. The economic policy of libertarianism demanded the return of the isolationist foreign policy of the United States with the possibility of free trade with each country. During the Cold War, the dominant conservative stream accepted an interventionist foreign policy in order to counter the growing number of socialist and anti-colonial revolutions supported by the Soviet Union. Although, as a political and economic entity, it was marginalized, Libertarianism was never rejected. He returned in the 1960s in Barry Goldwater's economic policy, but in a confrontation with Lyndon Johnson suffered a fiasco. Although in the general election it suffered a serious defeat, the political and economic libertarianism, established itself in the public space and returned as a neo-conservative economic policy, led by Ronald Reagan, who worked in the campaign of Goldwater.

Although both liberalism and libertarianism generally do not support the growth of the welfare state, liberalism, especially social liberalism, has, over time, shown an increasing understanding of the need for a welfare state; unlike libertarianism that has much more extreme positions on this issue. The differences between liberalism and libertarianism reduced to determine key principles can be found in the table below.

Table 1, Comparison of the key principles of liberalism and libertarianism

Principles	Liberalism	Libertarianism
Principle 1	Strong Property Rights	Absolutely Property Rights
Principle 2	Limited Government	Minimal Government
Principle 3	Some Public Goods	No Public Goods

Source: LehtoIlmari (2015: 89)

2. THE LIBERAL VIEW OF THE WELFARE STATE (JOHN RAWLS)

John Rawls' theory of justice is the most influential modern liberal theory. This theory emerged at a time when utilitarianism was the leading theory of social distribution (Kassebaum 2014: 26). Many believe that the theory of John Rawls refers to John Locke's classical liberalism, with the right to property and economic freedoms in the theory of Rawls, replaced by a limited welfare state (Lehtollambri 2015: 89). The theory of justice is the theory of a social contract, which leaves enough space for it to derive a model to a welfare state. The theory itself relies on two principles. The first principle guarantees the widest possible rights, especially political to all citizens, to the extent that they do not endanger the rights of others. The second principle is divided into two sub-principles, the first sub-principle suggests that each individual in society should have equal chances, under equal conditions, to be chosen to manage public affairs. The second sub-principle regulates the question of possible inequality in the society. In essence, the state should treat all its citizens in the same way, but an unequal treatment would be acceptable only on one condition, and that is if it benefits those who are in the most indifferent position in society (Rawls 2004: 15). This section could be interpreted as the basis on which welfare the state could be founded. The welfare state privileges and through social programs it tries to help those who are in the most indifferent position in society. But the transfer of income from the affluent to the poorer must not lead to the creation of an egalitarian society, because in such a case those most talented and the most capable will not be motivated to create more for themselves and the rest and the income of the society as a whole will decrease. Accordingly, the welfare state as the liberals understand, and in the interpretation of John Rawls, is a kind of social insurance against possible disasters in life, unemployment, etc. It is a kind of minimum subsistence that the society guarantees to each member.

The principles of justice, as provided by Rawls, align themselves with the wail of ignorance, which means that during harmonizing the principles of justice, citizens should be abstracted from their own position in society. They should not be biased and create conditions in which the group they belong to will take privileges for themselves, because they do not know what their destiny will be or what the destiny of the next generations will be. The principles of justice should be implemented by the basic structure in the society, which covers the basic political and economic institutions.

One of John Rawls's central criticisms of the theory of justice is that it leaves room for various interpretations that often develop models that are mutually contradictory. One of the interpretations of the theory of justice, for example, was that it allowed the development of a state that would guarantee each and every citizen a basic income and property and a state based on ownership, while the other interpretation is that the theory of justice is creating a welfare state (Launonen 2012). Rawls himself, does not indicate any concrete example of a state in which the principles of his theory have been applied, and therefore leaves a lot of prospect for various interpretations.

3. THE LIBERTARIAN VIEW OF WELFARE STATE (ROBERT NOZICK AND DAVID GAUTHER)

Among the most influential libertarian theories is of course the entitlement theory of justice, developed by Robert Nozick. His fame among libertarians grew at the same time with the glory that Rawls acquired among the liberals. Libertarians generally advocate for the state to be reduced only to its basic functions, which is to guarantee security and order in society. Or, in the words of Nozick (1974: 149), "the minimum state is the most extensive state that can be justified. Any state that is more extensive than the minimum threatens the rights of individuals. "Any form of redistribution and a welfare state that will redistribute is unfair. When the state provides public benefits through the programs of the welfare state, it does so with resources it lends from citizens through taxation, thereby depriving them of their freedom to manage their resources in a manner that they themselves determine (Duncan 2010). According to Nozick, freedom and equality are mutually exclusive. More precisely, inequality is the price that people pay to be free (Kassebaum 2014: 4). People are completely equal in extreme totalitarian societies, but in such societies they are not free. People as free beings possess different talents and in varying degrees. Such natural

inequalities will be reproduced in social inequalities. At the same time, for libertarians, the right to property is indisputable, starting from the right to ownership of one's own talents and skills, to the property on certain subjects. Those who possess greater talents and skills than others should be stimulated to be as productive as possible, because in this way they produce for themselves, and for the society as a whole. Or, as Nozick (1974) concludes in his book *Anarchy, State and Utopia*, what each individual has is what he receives from others as a result of exchange or gift. In a free society, different individuals possess different resources. They have the right to cooperate, share and exchange the resources they have.

The example that Libertarians often use to illustrate the unfairness of state redistribution for the elimination or reduction of social inequalities, which according to them are based on differences in talent, skills, the efforts that individuals make in their work is the following: if two children are born, one perfectly sees with both eyes, and the other that cannot look from either eye and basically is blind. According to libertarians, the state has no right to take one eye from the child looking perfectly on both eyes and transplant it to the one who does not see on any eye. It is the right of the individual who, if he wishes so, can give one eye for the transplant to the other child. It's the same with revenues. The state has no right to take more taxes than people who are more talented, work more and earn more and spend it at their own, including spending them in social programs through the welfare state. The right for those who earn money is to determine how they will spend their income and whether and how they will help people in need.

By developing the entitlement theory of justice, Nozick, on the two principles developed by Rawls respond with his own two principles. One on the acquisition of capital, and the second to a fair transfer of the same (Nozick 2004: 62). According to the entitlement theory of justice, if social differences between individuals are created in a fair manner due to differences in talent, skills, success in work, etc., if the fruits of hard work are transferred in a fair way, then also the social differences that arise as a product of natural differences between individuals are just. Here could be given the example of the most talented athletes. Because of their talent, having better football skills from hundreds of thousands of people who play that sport and the desire of those people to see the most talented as they compete among themselves, they get offers to play for the best clubs for millions of dollars. Talented athletes do not force clubs to offer such contracts, as they do not force people to watch the competitions in that sport and even best athletes personally, as they do not force sponsors to allocate large sums of money for clubs and athletes. Accordingly, talent is rewarded, and natural differences produce social inequalities.

Nozick criticizes the liberal theory of justice developed by Rawls. He compares the distribution of income in society with the distribution of grades in the class. Let's imagine that on the basis of the principle of veil of ignorance, i.e., without any knowledge of the students and their qualities and effort they invest, someone is analyzing the fairness of the distribution of scores. If only the final results are seen, it will undoubtedly be clear that there are differences in grades, but not whether those differences are fair or dependent on the knowledge that the students possess and the efforts they have made to reach that knowledge. It is difficult to assess whether the process of assessing the grades is fair if one does not know the qualities, knowledge of the students, and how much effort has been made by each of them to come to knowledge. According to Nozick, It's similar with revenue distribution.

As can be seen, Nozick and Libertarianism generally do not criticize and there is no idea of reducing social inequalities, on the contrary, any such idea or model of redistribution as that of the welfare state is unjust and discourages the most talented ones to use their capacities both for a personal benefit, and for the benefit of the whole society. The Liberals objected to such positions and basically considered that social inequalities were not only a result of individual qualities, but also of individual's social characteristics. An example of this is discrimination based on various criteria such as race, ethnicity, sex, age etc. (Kassebaum 2014: 25).

A much more radical libertarian theory than that of Robert Nozick, was developed by David Gauthier. Like Nozick, Gauthier rejects the idea that the state should have a redistributive and egalitarian dimension. At the same time, unlike Rawls and Nozick, the theory developed by Gauthier is not based on the principles of justice or morality in general, but on the principles of rationality and rational choices that individuals make to protect their interests. According to Gauthier, justice is established only between individuals who have approximately equal physical and mental capacities. Only in such cases cooperation which is of approximately equal interest to all can be established (Gauthier 2004: 89).

Liberals criticize Libertarianism because while insisting on absolute freedom, which will not be limited by the state, they fail to perceive the importance of values such as fairness and satisfaction of the basic needs of individuals as a prerequisite for building a stable society (Duncan 2010).

Libertarianism as a theory, more or less successfully tries to justify and offer an explanation of social inequalities, even to claim that their elimination is unnecessary, unjust and counterproductive after the advancement of society. This kind of theoretical perspectives have been marginalized in the social sciences, but have a strong impact on

public policy (real politics), and have been especially influential in the 1970s onwards and have resulted in the growth of social inequalities. It seems that it can be said that libertarianism does not accept the welfare state, while liberalism reluctantly accepts a limited welfare state, and with the growth of these ideologies in the political arena after the 1970s we have a trend of a reduction of the welfare state.

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