



BOOK REVIEWS

***The Work of Politics: Making a Democratic Welfare State*, by Steven Klein. Cambridge: Cambridge University Press, 2020. 220 pp.**

***The Privatized State*, by Chiara Cordelli. Princeton, NJ: Princeton University Press, 2020. 352 pp.**

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Where does the state fit into business ethics? Although business ethicists have turned more to political philosophy for normative grounding in the past decade or so, the state has been far less rigorously theorized, taken as a brute fact, as something receding from the scene creating governmental vacuums, as a generator of regulatory law that structures the commercial environment, or as a dispensary of justice, whose dictates businesses must respect in letter and spirit. But the state is also a variable: states don't just suddenly exist. They are created, grown, and shrunk in various ways, determined by the political circumstances that give rise to them. Furthermore, their normative status is hardly uncontroversial, with different perspectives and political dispositions claiming different justifications and registering different worries about the state.

Steven Klein's *The Work of Politics* and Chiara Cordelli's *The Privatized State* both offer novel and systematic arguments regarding the state's, and more specifically the welfare state's, moral relationship to democracy, its unique moral problems, and how its growth or contraction can alter such considerations. They are very different books in historical focus and methodology. Klein takes his cue from the development of the welfare state in Europe through the nineteenth and twentieth centuries, whereas Cordelli's focus is largely on the twenty-first-century United States and the ongoing privatization of welfare state functions. Methodologically, Klein is Habermasian in style and substance, proceeding largely through historical and exegetical analysis of earlier thinkers to produce sociotheoretic insights; Cordelli is more Kantian in substance and analytic in method, alternating between thought experiments and case studies as launching points for systematic stepwise philosophical argumentation. Despite these different intellectual dispositions and preoccupations, the authors have considerable overlap in their conviction that the administrative state can be an important means for cultivating

democratic freedom, in ways not previously appreciated. This has become all the more vital as the welfare state is assaulted on two fronts: from the left, as a bureaucratic institution fundamentally antithetical to democratic politics, and from the right, as an inefficient behemoth better replaced by the entrepreneurial energies of private businesses. Taken together, they shed light not only on the meaning of democracy for business ethics but also on the moral dynamics of state and nonstate institutions more generally, which inform the institutional and cultural background against which commerce takes place.

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The Work of Politics begins with a family of criticisms that all cast the welfare state as a danger to freedom, subjecting citizens to the dominating logic of its bureaucratic administration: neo-republicans' worry about the welfare state's potential for arbitrary authority, neo-Kantians' worry about the administrative state's power to render some structurally outside the space of normative concern, and poststructuralists' concern for the disciplining and socializing nature of its bureaucratic manner. While such critics may recognize the material gains or services such institutions provide, they also see the welfare state's bureaucratic nature as fundamentally antithetical to democratic freedom, stifling the popular energies that animate a robust democracy in favor of rigid rules, procedures, and calculations. Klein seeks to show that, contra these critics, the welfare state can actually be a powerful part of democratic politics. This democratic capacity has been missed by critics, on Klein's argument, because they are beholden to a particular conception of the welfare state. The book traces the history of this conception of the welfare state to show the possibility for an alternative view, one less anathema to democratic politics.

The view of the welfare state that critics have come to accept can be traced back, on Klein's account, to nineteenth-century German social liberalism and its effects on Max Weber's sociology. Threatened by the ambitions of workers' and socialist movements to radically democratize the corporatist order of nineteenth-century Prussia, the social liberals looked to undercut these groups while also developing a social science that could manage and respond to the challenges of the modern industrial world. Thus the development of the welfare state, particularly in the social insurance reforms implemented by Bismarck, served a double purpose for such thinkers: first, by offering material redress to some of the activists' concerns, the social liberals significantly sapped the energy of potential threatening democratic movements; and second, by administering this material redress through bureaucratic office, they allowed such problems to be dealt with in a routinized, rationalistic, and calculating manner. Through an in-depth reading of Weber, Klein shows how his influential theories of personality, value, and charisma are premised on a distinction between the ordinary world of everyday needs and the extraordinary strivings of people found in moments of rupture. The welfare state, for Weber, is meant to handle the former and is therefore inherently divorced from the creative and subjective aspects of human life; it is a calculating, instrumental, and technical sort of institution, dealing scientifically with the quotidian needs of

life. As such, it is fundamentally at odds with the charismatic and nontechnical world of politics and democracy.

Though critical of Weber's antipathy toward democracy, Klein argues that the critics of the welfare state have taken on board this Weberian perspective—they implicitly accept the notion that the welfare state is fundamentally an instrumental and nonpolitical institution, hence its unique dangers to a polity. But this is, for Klein, overly flattering to the project of the German social liberals, assuming that they were successful in establishing such a rawly technical, nonpolitical site of administration. Indeed, this assumes such a project is possible in the first place—that a realm of technical mastery isolated from the value-laden world of politics is attainable. Through a thoroughgoing interpretation of Heidegger and Arendt, Klein challenges this ontological perspective, offering an alternative to the Weberian dichotomy between everyday, mundane means-satisfaction and extraordinary acts of affirming transcendental values. Following Heidegger's notion of "world," Klein invites us to recognize that we are always situated in a world infused with meaning and values. On such a view there is no space for technical mastery, or routinized living, separate from the acts of establishing and affirming values. Instead, our everyday acts impose meaningfulness and valuation upon us.

Of course, Heidegger, to put it mildly, was not exactly a democrat. Klein uncovers the democratic potential of Heidegger's notion of world through a counterintuitive, provocative, and ultimately compelling reading of Arendt. For Klein's Arendt, the worldly nature of otherwise mundane objects and processes has democratic potential because institutions and social practices render them public objects that gain meaning through their inherently public status. This is true even for things that are seemingly private in nature. Thus property isn't just about private ownership; it is also about the public acknowledgment and recognition of a domain of life that is kept from public view or scrutiny (115–16). Klein refers to such artifacts as "worldly mediators," objects that don't simply present themselves as meaningful for our satisfaction of everyday needs but also present themselves as shared public things, inviting public reflection and contest over their meaning and significance.

And this is the ultimate payoff: for Klein, welfare institutions are best understood as a particularly potent class of worldly mediators, shared social markers that are possible flash points for shared social meaning. Klein illustrates this, helpfully, with a case study of the German Social Democratic Party's engagement with the welfare state at the end of the nineteenth century. While Bismarck's implementation of pensions and social insurance schemes was meant to remove the address of problems like poverty and public health from the realm of politics, this ended up backfiring, prompting greater democratic mobilization and engagement. As Klein puts it, "workers thus took up Bismarck's unacknowledged invitation to judge his work, responding to what he initiated to create new, worldly sites of public appearance and judgment, and thereby to open up unforeseen horizons of democratic action" (128).

The last substantive chapter discusses Habermas's early work to offer a theory of how domination works and can be challenged. To simplify things a great deal, the dominating logic of social structures can come to be internalized, on Klein's

account, making them appear natural or given—what Habermas refers to as the “causality of fate.” But political contest over institutions instigates not only the upending of some particular policy or elite-controlled institutions but the reflection upon, and rejection of, these internalized forms of oppression, a process Habermas refers to as the “dialectic of morality.” Through an extended case study of twentieth-century family policy in Sweden, Klein demonstrates the usefulness of these two Habermasian concepts, illustrating how challenges to welfare institutions, though at first appearing to reproduce practices of domination, also open up those structural practices and relations to reflection. Thus the welfare state is not merely a worldly-mediator that can catalyze democratic movements but also a flash point for the sorts of contest that can render internalized domination objective and scrutable by rational reflection and democratic deliberation.

A word of warning: while the institutions are discussed, and social movements are celebrated, the key protagonists of the book are Weber, Heidegger, Arendt, and Habermas. In many ways, the book is primarily a history of political thought, tracking the changes and challenges of Weber’s conception of value through the twentieth century. The energy spent on interpretation can sometimes make the normative discussion of the welfare state and democratic politics feel a bit uneven in comparison. This is only barely a criticism. Klein’s erudition and fluency with these texts make him a reliable guide for those not well versed in modern German social and political thought. If, like me, you are Heidegger-phobic, you could do worse than Klein’s discussion of him and Arendt to gain some understanding of the notoriously impenetrable German. More specifically for business ethicists, Klein’s interpretation of Habermas’s early work (prior to his famous Kantian turn) is instructive, since most business ethics engagement with Habermas centers on his later theory of deliberative democracy.

Beyond interpretive guidance, the normative and analytic upshots of Klein’s argument also have significance for business ethicists. If Klein is right regarding the worldly nature of the state, then this upends the instrumental view of the state on which most business ethicists tend to rely, as the generator of costs and incentives, principles and imperatives. What would a business ethics look like that emphasizes the democratic politics and processes of the state, as opposed to just its legislative and regulatory outcomes?

The book’s argument also points to a potential rethinking of what businesses are. Not dissimilar to the bureaucratic welfare state, firms are generally seen as instrumental institutions par excellence, dealing with the materiality of life in a predictable, technical manner. Business ethics is often understood as an exogenous means of tempering this instrumental nature. But if Klein is right about the welfare state, then firms may also be more than just hierarchical means of coordinating economic activity, or the site of workplace domination, but also potential worldly mediators themselves, objects of democratic contest and reflection. This certainly opens up exciting avenues for business ethics—what sorts of structures and courses of action best protect the democratic potential opened up by such institutions? But it also prompts a broader question: what is the relation between the

bureaucratic, administrative apparatuses of the state and similar institutions that are not part of the state—such as corporations?

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This is, in some sense, the underlying distinction animating Cordelli's *The Privatized State*. Cordelli's focus is on the contemporary twenty-first-century movement of contracting out state functions to private organizations—like private prisons or the corporate administration of welfare services. Against those who would argue that such privatization of state functioning is good or bad because of its consequences (say, its cost-saving efficiency gains or its contribution to social inequality), Cordelli offers a novel argument that is more deontological in character: the privatization of the state is, in itself, illegitimate. It is not that private organizations tend to produce bad outcomes when they carry out the functions of the state. For Cordelli, it is that private organizations are inherently ill constituted and ill oriented to legitimately carry out those functions in the first place.

Cordelli begins by offering a broadly Kantian justification for the state, as the institution necessary for delineating and determining the rights and freedoms that are known but only provisionally attainable in a precivil condition: “justice cannot be secured privately because seeking to make rights conclusive in the state of nature unavoidably fails to treat all individual as equally authoritative judges and fails to respect their independence” (61). Thus the justification of the state, for Cordelli, is that it is uniquely capable of providing the basis for our rights claims and securing our ability to enter into equal and reciprocal relationships with others. Or, more simply, the state exists to make sure no individual is subject to the will of another.

Of course, not any state will do. State institutions are also capable of, and historically have been quite prone to, imposing alien wills onto those under their rule. It is therefore not simply a state but *a state that acts according to an omnilateral will* that can secure the conditions of freedom and right. This imposes substantive and procedural constraints: the state should be acting substantively to secure the conditions necessary for people to engage in equal reciprocal relations with one another (i.e., securing the rights and material means necessary to resist private domination), and procedurally, the state must be subject to democratic oversight and legitimation to avoid becoming a source of domination itself. These are, of course, familiar desiderata, reflected in modern liberal democracies by constitutionalism and democratic accountability.

The bureaucratic state, however, generally escapes the scrutiny of these oversight mechanisms, reintroducing the problem the state is charged to solve—securing individuals' freedom from the imposition of another's will—but within the state itself. Cordelli claims that such institutions can still be legitimate—that is, properly the expression of an omnilateral will in form and substance—if they fulfill three conditions. First, they must be democratically authorized; that is, the bureaucratic agency must be established through the proper democratic legislative process. Second, the agents who populate this administrative state must act in a representative manner. This seems tricky, since bureaucrats and civil servants are defined by their

nonelected, nonpolitical nature. Bureaucrats by design are not supposed to be representative in the way a member of parliament is. Instead, Cordelli argues that the mode of representativeness proper to the administrative state is a commitment to the bureaucratic ethos, which renders people's actions not of themselves but of the institution they inhabit—in this case, an institution established by democratic mandate. Third, agents must be acting properly within their mandate and not pursuing goals, or imposing interpretations, that outstep their purpose of reflecting an omnilateral will. To this end, Cordelli argues that public participation in the bureaucratic rule-making process—through consultations, public hearings, and the like—is properly the third condition of legitimacy, ensuring that bureaucrats act within the domain of their mandate. Thus bureaucratic legitimacy is secured through three distinct mechanisms: top-down democratic authority and oversight; cultivation of a professional ethics, shaped by ethical organizational culture; and bottom-up democratic participation.

The core of the book is aimed at demonstrating that the privatized state—in its general devolution of its activities to private actors—fails these three desiderata of bureaucratic legitimacy. The arguments are subtly and carefully crafted and are therefore too complex to be done justice here. Suffice it to say that by creating an institutional framework that is inscrutable to the public, is resistant to public control, and necessarily creates the possibility of unequal influence among the newly contracted corporate entities, the privatized state undermines the preconditions of democratic self-rule and thus democratic authorization. Furthermore, because private entities, by definition, have the ability to pursue their own, nonpublic ends, they are structurally incapable of socializing their agents into a bureaucratic ethos. Finally, because the inherent purpose of privatization is to promote efficiencies by lessening oversight, the possibility of integrating such entities into a procedure of public accountability and input would be self-defeating for the entire project. Thus the privatized state, by contracting out state functions to entities that are disconnected from mechanisms of public accountability, and that are structured to pursue their own freely chosen ends, necessarily reintroduces the unilateral imposition of will into state function and is therefore illegitimate.

If this is right, then this has obvious ramification for business ethics. Cordelli discusses some of these in the later chapters of the book, where she addresses how private entities ought to act given the unfortunate fact of the privatized state. If businesses are participating in the privatized state, what obligations do they have? It is not so simple as abstaining from such practices, since this will often mean that crucial services will go unprovided. Instead, businesses have an obligation to participate, while recognizing that their participation is decidedly nonideal and taking steps to ameliorate this. So, for instance, businesses that partake in the provision of state services ought to subject themselves to democratic control to cultivate some of the legitimacy that is otherwise missing. This sounds similar to the claims of “political corporate social responsibility” theorists, who argue that corporations occupying the vacuum left by the receding Westphalian state must cultivate legitimacy through democratic stakeholder deliberation. The difference is that Cordelli is not sunny on the prospects of private entities actually doing this successfully.

Instead, this is a stopgap measure designed to deal with the state of affairs as they exist, but accompanied by an obligation also to try to secure a functioning and effective state apparatus, which would render such private activities unnecessary.

More generally, to the would-be politically oriented business ethicists Cordelli offers an important reminder: states and private entities like corporations, despite similarities, are not the same thing. While businesses need to be mindful of the failings of the state and its nonideal functioning, they must also recognize that they are not effective substitutes for state activity. Businesses that attempt to do what is properly the purview of the state always place themselves in the position of manipulating such objectives for their own ends; that is, they risk imposing their goals, organizational values, and private functioning upon others in a way that disrespects precisely the autonomy and freedom such activities are meant to secure.

Though dense and deliberate, both books are deeply impressive and learned works that can animate the normative and political nature of the state apparatus and, as a consequence, the way nonstate actors ought to engage with it. Klein's book is an erudite and historically sensitive excavation of the democratic potential of an apparently undemocratic aspect of the state, inviting a different understanding not only of the welfare state but of the institutional and structural nature of our social interactions more generally. Cordelli's book is a novel and powerful argument for the justification and consequent standards of the modern state, demonstrating not only how a public bureaucracy can be rendered legitimate but also why the privatized welfare state cannot. Together, both books paint a complex and daring picture of the state as an institution uniquely situated to invite democratic demands and to live up to the mandate such demands create. It is a picture that business ethicists would do well to acquaint themselves with.

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