Rawls' Theory of Justice and 'Market Socialism'

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I Market Socialism and Individualism

One of the intuitions behind recent attempts to combine a socialist perspective with a limited reliance on market mechanisms is that a genuinely democratic socialism is incompatible with the bureaucratic tendencies of a command economy. David Schweickart has put this as follows:

'The enormous complexity of top-down planning of an entire industrial economy necessarily involves the creation of a technocracy and bureaucracy which can hardly be responsive to the needs and preferences of the populace, nor can it fail to generate economic inefficiencies. "Democratization" of such a bureaucracy offers little promise as a solution, for the problem is not in essence that the bureaucratic administrators do not want to serve the people, but that the structure itself precludes their doing so.' [1]

The revisionist liberal John Rawls [2] reveals similar qualms about command economies when, in his discussion of market socialism in A Theory of Justice (Cambridge, 1971), he says:

'Both private-property and socialist systems normally allow for the free choice of occupation and one's place of work. It is only under command systems of either kind that this freedom is overtly interfered with.' [3]

But - and thus arises the issue I want to focus on in this paper, this first intuition is counterpoised by the intuition that market mechanisms necessarily promote a privatistic individualism that subverts the socialist ideals of community and solidarity. Schweickart summarizes this second intuition as follows:

'... it has often been observed, by Marx in particular, that this mechanism itself breeds anti-social tendencies. So long as one's material well-being is tied to the production of commodities, one is inhibited from experiencing one's own activity as part of the collective, cooperative labor of society. One is tempted instead to exploit others, those perceived as competitors or consumers. This antagonism of interests generated by the market serves to promote an 'efficient' allocation of goods, but it does so by promoting as well suspicion, deception and selfishness.' (p18)

The question I want to consider in this paper is whether there is a way to do justice to both of these intuitions while still remaining true to the socialist ideal of a society where, in Schweickart's words, 'people control their own lives and fulfill their potential, a society without poverty or inequality, without racism or sexism, without stupid, senseless, needless suffering' (p1). I will argue that while Marxists are right to point out the danger in a simple 'yes' answer to this question, they are wrong to suggest that there are knock-down arguments against any and all versions of market socialism.

I will argue that, while an adequate defence of market socialism must go well beyond Rawls' declaration of faith ('Some socialists have objected to all market institutions as inherently degrading ..., but certainly given the requisite background institutions, the worst aspects of so-called wage slavery are removed' - pp.280-81), it would be premature for socialists to reject out of hand the project Schweickart summarizes as follows:

'For us the issue at hand is not communism but capitalism or socialism. What we must struggle for is a socialism rooted in existing social, psychological and technological conditions and yet transcending them, a socialism that is radical and revolutionary but not (in the bad sense of the word) Utopian. If the argument of this paper is correct, the goal should be a worker-controlled socialism that integrates plan and market in such a way as to give us that conscious control over our lives that is so badly lacking today.' (p20)

II Two Arguments against Market Socialism

To give a focus to my discussion, I want to consider two arguments against the possibility of a just market socialism due to Barry Clark and Herbert Gintis [4]. Not only do Clark and Gintis spell out some rather familiar charges against market socialism, but they do so within the context of a general discussion of Rawls' work. Thus, it is possible that a discussion of their two arguments against market socialism will shed some light on the possibility of a rapprochement between 'revisionist liberalism' and the traditional left. In their first argument, Clark and Gintis attempt to show that even the fully
democratized market socialism they construct on the basis of their strong reading of Rawls' two principles of justice would suffer the fact that their market relations would 'still impede the development in individuals of that "sense of social totality"' (p317) required for a just society. In their second argument, Clark and Gintis try to show that any attempt to utilize market mechanisms would presuppose a problematic 'Kantianism'. Relating this to Rawls, they argue that his case for just market socialism is systematically connected with a problematic claim for the 'lexical priority of social justice over other moral and personal concerns' (p318). In what follows I will challenge both of these arguments. I will contend that their first argument - that market socialism will necessarily fail to generate the 'sense of social totality' required for a just society - is plausible only if we follow Clark and Gintis in characterizing market socialism in such a way that the means of production are owned by the workers. I will suggest that this claim is much less plausible when, following Schweickart and Rawls, we characterize market socialism in such a way that individual or group ownership is replaced with social ownership of the means of production. Furthermore, I will contend that Clark and Gintis's second argument - where they attempt to show that a Rawlsian defence of market socialism presupposes a problematic 'Kantianism' - begs the question of the possibility of a theory of justice that ignores neither the need to ground social progress in a historically conditioned class struggle nor the need for a theory of justice that has a universal and rational appeal.

III Privatistic Consciousness under Market Socialism

Clark and Gintis set the stage for their two arguments by using Rawls' two principles of justice to generate an extremely plausible critique of capitalism [5]. Rawls' principles, as fully stated in A Theory of Justice, are as follows:

'First Principle: Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all. Second Principle (the Difference Principle): Social and economic inequalities are to be arranged so that they are both: (a) to the greatest benefit of the least advantaged, consistent with the just savings principle, and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.' (p302)

Rawls further argues that the first principle is prior to the second, or difference principle in the sense that 'a departure from the institutions of equal liberty cannot be justified by, or compensated for, by greater social and economic advantages' (p61); and that the system of justice defined by the principle is prior to the principle of efficiency in the sense that under certain circumstances 'These principles will authorize changes that may lower the expectations of some of those better off' (p79).

Clark and Gintis summarize the first stage of their Rawlsian critique as follows:

'We have argued that the objectives of Rawls' principle of equal liberties require that "basic liberties" be extended to include rights in control over production. Capitalism, we have argued, is incompatible with this extended principle.' (p313)

They then go on to note that even if Rawls were to reject such an extension of his first principle (claiming that the control of the means of production is not a basic liberty but a form of wealth and thus subject to the Difference Principle [6], it could still be shown that a capitalist economy would fail to meet Rawls' criteria for a just society since the Difference Principle can be shown to be incompatible with the functioning of a capitalist society' (p314). Clark and Gintis summarize their case for this last claim as follows:

'In order to maintain forms of consciousness appropriate to capitalist social relations, production techniques which threaten prevailing assessments of interpersonal and interclass relations may be rejected, even though they are technically more efficient. Thus the democratic control of production for the "least advantaged group better off both relatively (in that certain inequalities would no longer be required to legitimize capitalist social relations) and absolutely (since total output could probably expand with the utilization of more efficient production techniques.' (p314)

Noting that the above critique would apply 'in suitably amended form, to state socialism' (p311), Clark and Gintis turn next to a consideration of market socialism which they characterize as 'conforming in all respects to Rawls' mixed-economy conception of capitalism, except that private ownership of capital and wage labour are replaced by worker ownership and democratic control of the production process' (pp314-15). They argue that although such a system 'would seem to do better than capitalism on nearly all counts, ... the retention of market and exchange relations in market socialism continues to present a problem'. Even here 'Such relations still impede the development in individuals of that "sense of social totality"' (p317) required for a just society. In short, while the "strains of commitment would be greatly reduced under market socialism, it is by no means clear that motivational priority for concerns of social justice could be attained' (p318).

Here, then, we have Clark and Gintis's first argument against the possibility of a just market socialism. It amounts to an empirical claim about the kind of consciousness that would be generated under market socialism. What are we to make of this claim? I want to suggest that this claim is plausible only if, following Clark and Gintis, one incorporates a privatistic sense of ownership into one's definition of 'market socialism', and that it becomes much less plausible when one follows Schweickart and Rawls and incorporates a genuinely social ownership into one's definition.

Although on Schweickart's model the workers are responsible for the distribution of their firm's 'net revenue' - the difference between total sales and total costs (including taxes and depreciation but excluding wages) (p3) - they do not own the means of production. "Though the workers control the workplace to a decisive degree, they do not own the means of production. Means of production are collectively owned by society. This ownership expresses itself in the government's authority to insist that the value of the capital stock be kept intact. Depreciation reserves, for example, must be maintained. Workers are not permitted to allow the social assets in their trust to deteriorate (in value) or to sell off productive assets for personal gain.
If a productive enterprise gets into economic difficulty - due to changing demand or whatever - workers are free to reorganize, to produce things other than what they had been producing, or, as individuals, to leave and seek work elsewhere. They are not free, however, to sell off productive assets without replacing them with others of equal value.' (pp3-4)

On Schweickart's view such social ownership would give rise to a consciousness that is quite different from that generated by a privatistic ownership: 'Our society thus provides for (and indeed requires) a number of "socialist entrepreneurs", individuals or collectives willing to innovate, to take risks, in hopes of producing new goods or services, or old ones in new ways. Their socio-economic status, and their resulting psychological dispositions are significantly different, however, from their capitalist counterparts.' (p6)

He argues for this last claim by suggesting that the risks they take are different: 'They risk, not their personal savings, but a portion of the social surplus. If the project fails, they do not pay back the government for their loss' (p6). Nor have they any interest in maintaining an 'Industrial Reserve Army' of unemployed: 'Unemployment does not generate downward pressure on wages, for there are no wage-labourers. The material needs of unemployed workers must be provided for, out of workers' taxes and so they have no interest whatsoever in maintaining (unemployment).' (p9)

To be sure, much more empirical research would have to be done before these claims of Schweickart's could be taken as a decisive refutation of Clark and Gintis's first argument against the possibility of a just market socialism. But I would suggest that it is much too early to dismiss market socialism by contemplating what would be the case with Clark and Gintis's strawman conception of market socialism [7]. It is interesting to note, by the way, that even if Rawls is mistaken about the possibility of a just capitalist society, he always makes it clear that his model of market socialism includes social ownership of the means of production. Thus, for example, when he argues in A Theory of Justice that 'a liberal socialist regime can also answer to the two principles of justice', he adds the following: 'We have only to suppose that the means of production are publicly owned and that firms are managed by workers' councils, say, or by agents appointed by them. Collective decisions made democratically under the constitution determine the general features of the economy, such as the rate of savings and the proportion of society's production devoted to essential public goods. Given the resulting economic environment, firms regulated by market forces conduct themselves as before. Although the background institutions will take a different form, especially in the case of the distribution branch, there is no reason in principle why just distributive shares cannot be reached.' (p280)
At this point in their discussion, Clark and Gintis suggest that a 'Marxian view of human nature offers a richer and more useful basis for assessing the justice of social alternatives'.

'By viewing man in a dialectical relationship with his social and natural environments, we may discover what the roles of both the human capacity to reflect and the social setting play in shaping ethical ideals.' (p323)

Building on Marx's claim that human nature 'is no abstraction inherent in each separate individual', they suggest that by basing his assertion of justice on a generalized notion of human nature, Rawls ignores the equally important 'condition of actual persons engaged in concrete and historically specific natural and social environments' (p323).

But - and this is what makes Clark and Gintis's discussion of Rawls both interesting and internally problematic - they do not simply adopt the position, suggested by some of the things Marx said, that there can be no universally valid moral theory.

Instead, they explicitly affirm 'the premise of modern liberalism that only a theory of justice which has universal and rational appeal can be relevant to a democratic society' (p324). Specifically, as democratic socialists, they grant that the class struggle must incorporate a universally valid commitment to political equality. Thus, for example, Gintis and his co-author Samuel Bowles say the following in *Schooling in Capitalist America* (New York, 1976):

'... the nature of socialism will depend on the content of revolutionary struggle in this society. A socialist movement cannot subordinate means to ends and cannot manipulate and deceive to achieve success precisely because socialism is not an event. The consciousness developed in struggle is the very same consciousness which, for better or worse, will guide the process of socialist development itself. Thus a socialist movement, while striving to obtain power, must do so through means which inexorably promote democracy, participation, and a sense of solidarity and equality.' (p283)

The tension between this commitment to a universally valid notion of political equality and their Marxist suspicion of 'idealized, ahistorical' theories of morality is clear from the final paragraph of their paper:

'The conflicts that exist in modern liberal democracies will only be resolved within the historical context of opposing class interests. There are strong arguments for believing that the historical movement of these interests includes the possibility of increasing liberty and equality. But the process is by no means unconscious. Rather, there are critical choices to be made on the way to socialism. For this reason, Rawls' work contains great merit. In struggling with the proper conception of a just society, we develop those aspirations which are an integral component of its realization.' (p325)

V The Principles of Justice in Revolutionary Struggle

I want to propose in this concluding section that, given the above tension in Clark and Gintis's reading of Rawls, it would be well to step back for a moment from their 'Kantian' reading of Rawls and focus briefly on Rawls' recent claim in *Basic Structure as Subject* to have 'set the stage for a reply to idealism' (p165). Suppose we take seriously Rawls' own formulation of the problem confronting contemporary social and political philosophy, viz.,

'to develop a viable Kantian conception of justice (which will require that) the force and content of Kant's doctrine ... be detached from its background in transcendental idealism and given a procedural interpretation by means of the original position.' (p165)

The question we need to ask, then, is whether one can build on certain aspects of Kant's thought - aspects which I shall suggest below are in some ways more adequately treated by Rousseau - to establish a 'theory of justice which has universal and rational appeal' while at the same time doing justice to the Marxist intuition that 'the conflicts that exist in modern liberal democracies will only be resolved within the historical context of opposing class interests'. And this question is not answered, I am now suggesting, simply by asserting, in the words of Clark and Gintis, that 'in a class society, locating the basis for such an appeal is made difficult, if not impossible, by exploitation and domination in the relations of production' (p324). I want to suggest, rather, that Clark and Gintis's reading of Rawls begs the question of whether it is possible to develop a theory of justice that short-changes neither the role of reason nor the role of class struggle in the creation of a genuinely democratic socialism.

Here, as we noted above, we are touching on an issue that is presently being debated within the Marxist tradition itself. But rather than attempt to relate Clark and Gintis's critique of Rawls to such issues as whether in fact Marx presupposed a universally valid moral theory, I want to relate the tension in Clark and Gintis's reading of Rawls to a similar tension in Andrew Levine's thoughtful critique of Rousseau's 'individualism' (10).

Levine concludes his discussion of Rousseau's *Social Contract* as follows:

'... no matter how far Rousseau's emphasis on community, in both theory and practice, overcomes the atomic individualism of so many of his predecessors, contemporaries, and successors (above all, in the liberal tradition), a profoundly individualist strain remains. This residual individualism is implicit in the very goal of political association: the full realization of autonomy or self-determination.' (p195)

To Levine, this means that ultimately Rousseau is unable to grant the reality of social classes - 'the real constituents of any sound political ontology' - and thus his theory becomes ideological: 'The Social Contract stands, then, as a kind of fictional account of the relationship between these two illusory mystifications: private interest and general interest. This account is and can only be ideological: in concealing the reality of social classes, it serves, in the final analysis, only to further particular class interests.' (p106)

Rousseau's 'Individualism', in short, ultimately results in an inadequate view of politics: '[W]e should realize] that it is Rousseau's residual individualism, his Calvinism, and, ultimately, his class position that result in this vision of the state as a community of morally autonomous persons; thereby making the dissolution of political philosophy into moral philosophy inevitable, and a proper theory of the state impossible.' (p201)

But - in a move that I want to suggest parallels that made by Clark and Gintis at the end of their paper - Levine does not let things rest with this relatively straightforward Marxist critique. He goes on to grant that Rousseau's emphasis on community - an emphasis that he has shown is
inseparable from Rousseau's commitment to individual autonomy - 'remains an invaluable and barely exploit-

ed source of insight for historical materialism' (Footnote, p201). Here he has in mind the need to de
velop the Marxist notion of the state as 'an apparatus for organizing class domination' and his
point is that Rousseau's emphasis on community can provide a more adequate view of the revolutionary
role of the proletariat [11]. Given this admission by Levine that Rousseau's notion of community - a
notion inseparable from a universally valid commit-

ment to individual autonomy - needs to be incor-

porated into the Marxist analysis of class struggle, we
have available an alternative explanation of what
Levine can only see as a 'certain (unconscious)
refusal by Rousseau to pursue his thoughts to the
limit, to the moral order investigated in Kantian
moral philosophy' (pp201-02). For if we read
Rousseau as giving us a vision of how to nurture a
revolution once the proletariat has gained ascend-

ancy (rather than as giving us a recipe for creating
the deep historical forces needed for a revolution),
we can say that Rousseau refused (consciously) to
abandon politics in favour of philosophical anarchism
because he was aware that a universal theory of
justice is only one moment in any historical movement
towards a just society: i.e., we could say that, rather
than representing an escape from the limits of the
stubborn reality of social classes, Rousseau's
'individualism' represents an attempt to provide a
universally valid framework for critically appraising
the various options opened up by a historically con-
ditioned class struggle [12].

I'd like to suggest in conclusion that, just as it is
misleading to see Rousseau's individualism as con-
flicting with the Marxian insight that progress
towards a just society will necessarily involve class
struggle, so it is mistaken to suggest that Rawls'
'individualism' necessarily serves to legitimize problematic features of capitalist society. Just as
Rousseau's notion of community - which is inseparable from his commitment to individual auton-
omy - promises to enrich the Marxist notion of a 'dictatorship of the proletariat', so Rawls' two principles of justice - derived from a 'Kantian' respect for individual autonomy - promise to provide a universally valid framework for a genuinely democratic socialism. It
should be noted, by the way, that if Rawls is read in
the way I'm proposing, it would behave socialists to
follow the lead of Schachtman (see Section III above)
and generate a critique of capitalism that
builds on Rawls' two principles of justice. I.e., if
the suggestions of this last section are correct, socialists should focus on hard-nosed empirical
arguments against capitalism within a Rawlsian fram-
worked. To be sure, this might put them in conflict
with Rawls' intuition that there can be a just capital-
ist society, but it will not - if the suggestion of
this last section is correct - require them to
adopt a theoretical position that downplays or
makes problematic the need for a view of revolution-
ary struggle that incorporates a universal and
rational theory of justice. It would, however, require socialists to adopt a more empirical approach to
struggle, whether the results of market socialism, whether one can hope to do justice to
both of the intuitions noted at the beginning of
this paper. In particular, it would require socialists to look more carefully at the empirical
differences between a reliance on market mechanism
that rejects the notion of private ownership
(Schweickart's model) and one that doesn't (Clark
and Gintis's model).

Footnotes
1 David Schweickart, 'Worker-Controlled Socialism: A
Blueprint and a Defense', Radical Philosophy
Newsgroup, No.VIII (April 1977), p.17. Schweickart
develops this point and others in 'Should Rawls be
a Socialist? A Comparison of His Ideal Capitalism
with Worker-Controlled Socialism', Social Theory and Practice,
Vol.5, No.1 (Fall 1978), pp.1-27. See also his recent book,
Capitalist on Book-Keepers? Ethical and Economic Appraisal
(Praeger, New York, 1980).
2 As Elizabeth Rapaport points out in 'Classical Liberalism
and Rawlsian Reasoning' (Commentary on Philosophy,
Supplementary Vol.III (1977), pp.95-119, Rawls rejects
both classical liberalism's doctrine of the neutrality of
political and economic institutions and its atomistic
individualism: 'Rawls describes social relations not as
essentially instrumental but as communitarian. While
remaining a methodological individualist he repudiates the
doctrine that he sees as the rational apologist' (p107). For
Rawls' most recent statement of his position, see his
'Kantian Constructivism in Moral Theory', Journal of
Here he sees his work as providing a framework for resolv-
ing 'the conflict between two traditions of democratic
thought, one associated with Locke, the other with
Rousseau' and suggests that 'we must find a suitable
rendering of freedom and equality, and of their relative
priority, rooted in the more fundamental notions of our
political life and congenial to our conception of the
person' (p520).
3 p.271. Rawls' qualms about bureaucracies in this regard
are also apparent when having noted that socialist
regimes could use prices to perform certain allocational
functions, he goes on to say: 'It seems improbable that the
control of economic activity by the bureaucracy that would
be bound to develop under such a socialized economic system (whether
centrally directed or guided by the agreements reached by
industrial associations) would be more just on balance than
centralized control exercised over prices (assuming as always
the necessary framework)' (p281).
4 Barry Clark and Herbert Gintis, 'Rawlsian Justice and
Economic Systems', Philosophy and Public Affairs, Vol.7,
No.4 (October 1978), pp.192-225.
5 As will be clear from what follows, I have no quarrel with
Clark and Gintis's claim that Rawls' principles are much
stronger than they admit. Their paper is part of the
growing literature suggesting that Rawls' principles
are not compatible with anything that could properly be
called a capitalist society. See, e.g., C.P. Macpherson's
claim that 'Rawls does not see the exploitive relations
inherent in capitalism, so it does not occur to him that
there is any more difficulty arranging for justice in
capitalism, however much regulated, than socialism'
(Rawls' Models of Man and Society', Philosophy of the
6 Rawls argues that wealth is a primary good in 'Fairness to
Goodness' (Philosophical Review, Vol.84, No.4 (October
1975), pp.533-557, he goes on to say that 'whatever
type of wealth form they take, natural resources and the means of produc-
tion, and the rights to control them, as well as the right
to services, are wealth' (p541). In 'Basic Structure as
Subject' (American Political Quarterly, Vol.14, No.2
(April 1977), pp.159-65), he seems to suggest that both
principles would be operative: 'At the same time, these
principles will say if an idea of justice is in the light of which pure procedural processes are con-
strained and corrected. Among these constraints are the
limits on the accumulation of property (especially
private property in productive assets exists) that derive
from the requirements of the fair value of political
liberty and fair equality of opportunity, and the limits
based on considerations of stability and excusable envy,
both of which are connected with the essential primary
good of self-respect' (p164).
7 Surely, social life must take seriously the Yugoslavian case
although, as Schweickart notes, it allows 'firms to con-
trol new investments, thus denying itself the benefits of
coordinated, democratically-reviewed planning, and making
itself more vulnerable to problems generated by competition
than our model' (p198). For a recent review of the very
real problems confronting contemporary Yugoslavia see
Sharon Zukin, 'Beyond Titoism', Policy and Planning in
Socialism, Vol.1, No.4 (December 1973), pp.5-24). To Zukin, 'the discussion of Yugoslav
political economy has to be taken out of the rarified
atmosphere of political planning and brought to the
struggle toward socialism' debate ... [and the framework of labor
mobilization and capital accumulation in a socialist state
provides a starting point]' (p24).
8 In 'Deep Structure and Subject', Rawls is explicit on this:
'I have tried to show how the conception of justice as fairness
... and its procedural interpretation of Kant's view
not only satisfies the canons of a reasonable empir-
icism, but its use of the idea of the social contract
meets Hegel's criticisms. At the same time, since it proceeds from a suitably individualistic basis, it presents the details of a moral conception that can take appropriate account of social values without falling into organicism (p165). One wishes, by the way, that Clark and Gintis had been able to react to this later article of Rawls; for it is clear that one of Rawls' principle concerns in this article - as indeed is also the case in 'Fairness to Goodness' - is to counter various left criticisms of his theory of justice.

9 For a recent example of the debate surrounding this issue, see Ziyad I. Husami's 'Marx on Distributive Justice' (Philosophy and Public Affairs, Vol.8, No.1 (January 1978), pp.27-64) and Allen W. Wood's 'Marx on Right and Justice: A Reply to Husami' (Philosophy and Public Affairs, Vol.8, No.3 (July 1979), pp.267-95).


11 In suggesting the directions in which Rousseau's notion of community should lead Marxists, Levine mentions the work of Antonio Gramsci, the Italian Marxist who argued that the point of socialist revolution is to replace bourgeois 'hegemony' with a proletarian 'hegemony'. The difference between this last notion and the traditional Marxist notion of a 'dictatorship of the proletariat' is clear when, as Harold Entwistle has noted, Gramsci calls for a proletarian domination that does not depend on force or coercion but on 'rule by intellectual and moral hegemony ... [which] is the form of power which gives stability and founds power on wide-ranging consent' (Entwistle, Antonio Gramsci: Conservative Schooling for Radical Politics (London, 1979), p.12).

12 Such a reading of Rousseau, to be convincing, would require a detailed response to Levine's carefully worked out interpretation. In particular, it would require one to place a greater emphasis on those sections, early on in the Social Contract, where Rousseau sets out the material preconditions for a just society. I would contend, in fact, that these sections allow for the existence of social classes even though Rousseau says little about how historical forces can at a particular time and place result in a 'people fit for government'. It would also be necessary to challenge Levine's view of the role of Rousseau's recommendations concerning political economy and civil religion. Specifically, it would have to be shown that Rousseau does not mean these institutions as misguided attempts to suppress class divisions but as means of preserving the social bond which is a precondition of a just society. But these are all tricky issues in Rousseau scholarship and I would hope that these brief remarks - and the claim that these issues are relevant to a proper understanding of Rawls - will encourage people to give Levine's book the attention it deserves.