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Feasible Socialism Reexamined

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In memory of the 40 000 killed every day from undernourishment.

Democracy is the solution to the *riddle* of every constitution. In it we find the constitution founded on its true ground: *real human beings* and the real *people*; not merely *implicitly* and in essence, but in *existence* and in reality … Every other *political formation* is a definite, determinate *particular* form of the state [in which] the political man leads his particular existence alongside the unpolitical man, the private citizen… [But] in democracy the *formal* principle is identical with the substantive principle. For this reason it is the first true unity of the particular and the universal.[1]

Only in unlimited voting, active as well as passive, does civil society actually rise to an abstraction of itself, to political existence as its true universal and essential existence. But the realization of this abstraction is also the transcendence of the abstraction. By making its political existence actual as its true existence, civil society also makes its civil existence unessential in contrast to its political existence. And with the one thing separated, the other, its opposite, falls. Within the abstract political state the reform of voting is the dissolution of the state, but likewise the dissolution of civil society.[2]

[1] Marx, "Critique of Hegel", pp. 87-88.

[2] Marx, *Writings of the Young Marx on Philosophy and Society*, p. 202.

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Preface

Lately market deregulation and privatization have dominated economic policy in Western Europe, while Eastern Europe has since the early 1990's been opening up for private capitalist development. This is thought to enhance individual freedom, and equality, and thus expand democracy in several ways. Democratic development is more or less associated with the state's withdrawal from the political scene. But as I will argue throughout this thesis, this line of reasoning may well be a profound threat to the notion of contemporary political, and economic democracy. I am going to argue that, socialism preserves and protects major advances in democracy, namely that of freedom and equality, better than capitalism does. There are of course other alternatives. Philippe van Parijs, Elizabeth Anderson, and John Roemer all presents convincing and well developed 'Real libertarian', welfare-state, and social democratic models, but the novelty of my argument is to go beyond the classical problems these models are supposed to solve, and address feasible socialism because *socialism*, as a political theory, has inappropriately been rejected too early. The mission is not to present a new political tractate, rather to criticize capitalism from a feasible socialist camp, with references to Alec Nove, G. A. Cohen, and Amartya Sen among others.

Since the collapse of Soviet Union, a dogmatic, liberal-economic rhetoric has characterized much of today's political debate. I think this debate suffers from well-founded reasons why market deregulation is thought to be the best political solution to society's convoluted problems. The collapse was hailed in the liberal, market oriented West in a self-congratulatory mood, which was thought to be warranted because the West had "won" a certain kind of war that had been waged in the preceding four decades. Is self-congratulation the most suitable way to receive the great changes in the socialist world? Is market deregulation the only feasible solution to the riddle of democratic freedom and equality? I will argue that capitalism undermines the most fundamental principles of democratic development. Its problems have far from been exhaustibly investigated. If we look beyond the fact that Soviet state communism failed in many respects, stating that a rejection of socialism on behalf of the Soviet Experience is too easy, we have a case for a reexamination of Socialism's democratic incitement. Had we reason to believe that a failure of a political system meant it should no longer be considered, there would hardly be any case for political science at all.

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In working both with this thesis and my project design, I have had invaluable support from my supervisor, Andreas Føllesdal. I am very thankful for his comments and insightful thoughts on almost all topics in this thesis. I have also been very fortunate in having discussions on property rights with Kenneth J. Arrow. Elizabeth Anderson has commented on my discussions on markets, rights and redistribution. I am most thankful for her comments on all these topics. She also clarified some utterances made in her book, *Value in Ethics and Economics*.[3] I have benefited a lot from discussions on instrumental and non-instrumental values with Larry Temkin. Hugh LaFollette gave me valuable remarks and references on many topics. I would also like to thank Gerald A. Cohen for discussions on Marx and freedom, especially during his visit to Norway in the summer of '99. He made me change my view in some important fields of study. He also gave a lecture ("Freedom and Money"), which drew my attention to new unexplored domains of political philosophy. Andrew Jones helped me sorting out some problems related to ethics and logical necessities. Dagfinn Føllesdal gave me a few comments on democracy. Finally, I would like to thank Allan Buchanan, Peter Unger, Terrell Carver, Richard Miller, and last but not least Rodney G. Peffer for their remarks and interest in my field of study.

[3] Elizabeth Anderson 1993.

What is to be Asked?

In my view, political philosophy must rely on empirical *as well as* logical assertions. Together they form ethical statements, that is, statements with some sort of normative property. In this thesis, the normative discussion relies on a discussion of rights, that is: which rights should we have, not: which rights are there?[4] Further, in making these ethical statements we have to distinguish between values. Values are the ethical relevant property of a right. Moral claims based on intrinsically valuable rights are often used in political and social arguments. Following Amartya Sen, rights may be important in three different ways: First, they can be considered to be valuable *instruments* to achieve other goals. This is the "instrumental view" and is well illustrated by the utilitarian approach to rights.[5] In this view, rights have little or no intrinsic importance. "Violations of rights are not in itself a bad thing, nor fulfillment intrinsically good."[6] However, the acceptance of rights promotes, according to this view, things that are ultimately important, to wit, utility.

The second view may be called the "constraint view", and it is about seeing rights as *constraints* on what others can or cannot do. "In this view rights *are* intrinsically important. However, they do not figure in moral accounting as goals to be generally promoted, but only as constraints that others must obey."[7] As Robert Nozick has put it: "Individuals have rights, and there are things no person or group may do to them (without violating these rights)."[8] Rights "set the constraints within which a social choice is to be made, by excluding certain alternatives, fixing others, and so on."[9] The third and final approach is to view fulfillments of rights as goals to be pursued:

> This "goal view" differs from the instrumental view in regarding rights to be intrinsically important, and it differs from the constraint view in seeking the fulfillment of rights as

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[4] For a similar view, see Henry Shue 1996. Shue seems to argue that rights are social constructions rather than metaphysical entities.

[5] Amartya Sen 1988, p. 58.

[6] Ibid.

[7] Ibid.

[8] Robert Nozick 1974, p. xi., as cited in A. Sen ibid.

[9] Ibid., p. 166.

goals to be generally promoted, rather than taking them as demanding only (and exactly) that we refrain from violating the rights of others.[10]

There is, however, an interesting question of dual roles of rights in the sense that some rights may be *both* intrinsically important and instrumentally valuable. For example the right to be free from famine, war or genocide could be regarded as being valuable in itself as well as serving as a good instrument to promote other goals such as security, longevity or utility.

Following these lines, there are two general conclusions to draw. First, we must distinguish between:

(1) The intrinsic value of a right;

(2) The overall value of a right taking note inter alia of its intrinsic importance (if any).[11]

This distinction is important because it amounts to a discussion of which features an ethical argument embraces. The distinction is also important in examining the moral standing of property rights, which is a fundamental problem in this thesis. Second, no moral assessment of a right can be fully independent of its likely consequences. After all, empirical arguments are quite central to moral philosophy.[12]

Bearing this in mind, the following three questions are asked, and their short answers will be:

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[10] A. Sen, ibid.

[11] A. Sen, ibid., p. 59.

[12] On the other hand, Elizabeth Anderson suggests alternatives to rights-as-goals and rights-as-constraints: "One can construe rights as constraining the types of justification that can be offered for certain actions. On this view, the "right to freedom of speech" for example, is a right against the state's reasons for restricting speech – e.g., that state officials don't like what's being said. But it is not a right against all reasons for restricting speech. If what I say directly endangers others – e.g., through an incitement of riot – that could be a reason to restrict it. If one thinks of property rights in this way, then it is easy to reconcile them with substantial redistribution for the sake of abolishing hunger, destitution, etc. One could have a property right in a thing in the sense that one's right to it is protected against certain reasons for appropriation – e.g., that a passerby just wants it – without having one's right to it protected against certain other reasons for appropriation – e.g., state seizure in an emergency, or taxation for promotion of the general welfare. This is not a purely consequentialist view either, since the rights still have some force in that they must be of general application to be fair (the state is not allowed to single out members of the party out of power as the parties from whom property will be taken for promotion of the common good)." (Elizabeth

(1) Why democracy? Because it has necessary *and* empirical consequences that prevents people from killing each other[13] and this must be regarded as an end in itself.[14]

(2) Why socialism? To make possible *and* preserve major advances in democracy.

(3) Why not capitalism? Because it does not necessarily render democracy possible, and even have traits incompatible with democracy.

We may say that socialism is a sufficient condition for democracy. That is, given socialism, then democracy. Capitalism, on the other hand, is neither a necessary, *nor* sufficient condition for democracy. Hence it would be rational to choose socialism over capitalism, since the former guarantees a democratic end, whereas the latter can only arrive at democracy by 'accident.' There are, as stated earlier, other political constitutions, which will probably produce democracy as well as socialism does. Elizabeth Anderson, Philippe van Parijs, G. A. Cohen, John Roemer, and David Schweickart are all concerned about alternatives to capitalism, and some of their aspects are considered in this thesis, but the main emphasis here is placed on feasible socialism since *socialism* in general is rejected as a feasible solution through statements such as: 'History has itself rejected socialism. Just look at the Soviet Union.'[15] Besides the lack of causal explanatory properties, this statement is exclusively empirical, and no argument shall be mounted to indicate its invalidity. Empirical evidence *is* important, which is why I use it, but accuracy is required when considering it in normative discussions.

But how do we explain that almost all democracies in the West rely heavily on capitalist production? Are these countries not to be viewed as democracies? Indeed they are. However, when it comes to freedom and equality as core concepts of democracy, there are certain

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Anderson, private correspondence of March 28th 2001). However Anderson's distinction needs not bother us here, since we are basically concerned with which rights we should have. On this, I think Anderson would agree.

[13] That is, freedom from famine, war, or genocide.

[14] F. A. Hayek would probably agree: "[D]emocracy … is probably the best means of achieving certain ends, but it is not an end in itself." (F. A. Hayek 1960, p. 12, as cited in David Schweickart 1993, p. 180.)

[15] See e.g. Tom Mayer 1994, Robin Blackburn (ed.) 1991, John Gray 1986. After all, if we are so keen in comparing Soviet state communism to Western Capitalism with regards to people killed, why do we not count the 40 000 people killed each day from hunger and nutrition related diseases (ICPF 1994: 104; 106.) on capitalism's account? Although this seems more obscure than mere executions, it does not mean that capitalist property regulations fare better with respect to people killed than authoritarian collectivism. On this, see Amartya Sen 1981, 1982, 1983, 1984, 1987, 1988, 1999, A. Sen & J. Dreze 1989, 1995.

mechanisms in the capitalist mode of production that clearly restraints these qualities and thus democracy itself. The capitalisms I will discuss in this thesis are the ones in USA and Scandinavia, and their proponents. There are of course differences. However, I will not focus on the constitutions *per se*, rather on traits and characteristics they have in common, that is 'capitalist properties' like e.g. major allocation of private resources, private markets, and property rights, but also on 'non-capitalist properties' like e.g. a legislative entity, redistribution, and public goods. There is a tendency that Norway, Sweden and Denmark (i.e. the 'Scandinavian welfarist model') move towards capitalism a la USA (through deregulation, privatization, tax relief etc.), so that the critique of certain traits in the latter will also, to some extent, embrace the former. Further, certain traits are defended by proponents of capitalism *in theory*, even though the constitution in general is subjected to criticism. For instance, Robert Nozick argues for the unrestricted acquisition of private property as a source for potential profit gaining. Not only that, he also thinks that the protection of this right is the only mission that a state should have.[16] So, Nozick is generally hostile to redistribution of property, i.e. through taxes and 'governmental restrictions on freedom'.[17] He is thus defending legislation and practice in USA with respect to property rights, but is at the same time critical to the restrictions on these rights. Hence, it would not be flawed to criticize him as a defender of some capitalist aspects in the US, but it will certainly be wrong to use him as a defender of the US system as a whole. But what characterizes the capitalism I consider, and how am I to view socialism throughout this thesis? Before answering these questions, we need first to elaborate the concept of democracy a bit further.

[16] Robert Nozick 1974.

[17] Ibid.

Why Democracy?

Some will argue that democracy can hardly be an end in itself.[18] I agree. However, I think democracy has necessary consequences that are good, and indeed better than that of an autocracy. Among them are the ability to participate in the decision-making process and the ability to dismiss a government on grounds of disagreement. Because many (maybe too many) are sadly driven by self-interest,[19] and because this interest differs from one individual to another, a democratic end will actually prevent people from engaging in destructive behavior. Additionally, democracy has contingent empirical consequences related to the prevention of war, genocide and famines.[20] There are of course many deficiencies of contemporary democracy, but this is not the subject of my thesis.[21] True, democracy, as well as socialism and capitalism, are very problematic and ambiguous terms. I will define the last two separately below. Since a discussion of what

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[18] E.g. F. A. Hayek 1960.

[19] This somewhat reasonable, but sad, presumption has lead many people to the fatal conclusion that capitalism is the only economic arrangement that is both feasible *and* effective. The first is due to a classical attribution error based solely on blurred empirical observations. It is the democratic property of contemporary capitalist societies that has been successful, not its capitalist appendix. Second, there is substantial evidence that efficiency may very well rely on other motives than self-interest. Japan, one of the most successful capitalist nations in the world, flourishes economically with a motivation structure that, to a very large extent, departs from the simple pursuit of self-interest, which is thought to be the bedrock of capitalism. Michio Morishima has outlined this through the notion of the "Japanese ethos". On this, see Michio Morishima 1982, Amartya Sen 1987, 1999, especially pp. 265-266.

[20] There is, however, an interesting flip side to this coin. It is evident that contemporary capitalist democracies actually fare well with respect to war (see Gleditsh & Hegre 1997), genocide (see Ervin Staub 1989), and famines (see A. Sen 1981, 1984, 1985A, 1988, 1992, 1999.) and this should lead me to defend capitalist democracy as well. Nevertheless, there are forces within capitalism that generate such horror, and its prevention is to be found in the democratic feature of such systems, not its capitalist attribute. An example will illustrate this: Consider the global trade of mass-destructive weapons. Because such behavior is largely self-destructive, it is present only to the extent it generates profit. However, it is a well-known fact that two democratic nations have never entered a war against each other. This behavior, on the other hand, is to be attributed to the democratic feature of contemporary capitalist democracy.

[21] On this, see e.g. Dahl & Tufte 1973, Robert Paul Wolff 1976, Robert Dahl 1989, A. Carter & G. Stokes (eds.) 1998, Christopher Pierson 2001.

democracy really is requires a thesis of its own,[22] I will stick to these aspects, which I think representatively embraces the notion of democracy, and justifies a reexamination of socialism. Investigating problems of modern democracy, Joshua Cohen & Joel Rogers[23] and J. Roland Pennock[24] stress the following features among others:

1. Freedom. This includes:

(a) Negative freedom or liberty;[25]

(b) Positive freedom;

(c) Political, social and economic rights.

2. Equality. This includes:

(a) Power not concentrated in few hands;

(b) Equal opportunity to participate;

(c) Absence of vast economic and material inequalities.

There are of course other features of democracy, some of them very important,[26] but in order to limit the size of this thesis, I will consider only these aspects, of which broad consensus is established. The selection is not arbitrary, however. In my view these aspects are the most important conditions of democracy, and are indeed necessary for others to evolve. E.g. an electoral body is nonsense without the equal freedom to participate through elections. Taken together, I am going to argue that, with respect to freedom and equality (1-2) as core concepts of democracy, socialism[27] fares better than capitalism.[28]

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[22] On this, see e.g. Anthony H. Birch 1993, Samuel Bowles & Herbert Gintis 1986, Ian Budge 1996, April Carter & Geoffrey Stokes (eds.) 1998, Cohen & Rogers 1983, Copp Hampton and Roemer (eds.) 1993, Robert Dahl 1989, David Held 1996, 1995, 1993 (ed.), Jochen Hippler 1995, George Kateb 1986, John Keane 1988, Vincent Ostrom 1997, Carole Pateman 1985, Roland Pennock 1979, Christopher Pierson 2001. Over 2000 books and articles on democracy were published during the last decade.

[23] See Cohen & Rogers 1983, pp. 49-167.

[24] See Roland Pennock 1979, Ch. 6.

[25] I will use the terms 'negative freedom', 'liberty', and 'freedom from coercion' interchangeably throughout this thesis.

[26] See note 22.

[27] Of a kind I will define below.

[28] Of a kind found USA and Scandinavia, to be elaborated below.

Sometimes I will argue in the following way: Capitalism has effects that are incompatible with the notion of democracy. These effects, often related to freedom and equality, are absent under socialism, i.e. socialism lacks mechanisms, which generate these effects. Therefore, socialism provides a better solution to the realization of democracy than capitalism does. I will argue that capitalism is indeed a mode of production,[29] but one in which certain given mechanisms[30] fosters huge inequalities, and absence of 'real freedom'.[31]

I believe Marx was a democrat and the tradition would be enlightened if he were reclaimed as such. Although most of Soviet state socialism rejected democratic incitements, this was primarily due to lack of democratic reasoning in the Russian policy *overall*, not the lack of democratic principles in Marxism. As John Gray so precisely put it:

> The failings of Marxist regimes – their domination by bureaucratic elites, their economic crisis, their repression of popular movements and of intellectual freedoms, and their dependency on imports of Western technology and capital – are all to be explained as historical contingencies which in no way threaten the validity of Marx's central conceptions.[32]

A decade has passed since Alec Nove wrote his second edition of *The Economics of Feasible Socialism*.[33] Examining the Russian Experience, among others, he constructs a 'new' democratic approach:

> Is the 'socialism' here pictured preferable to capitalism, or to the imperfect and mixed 'system' that now exists? […] In my view it would provide better opportunities for more people to influence their own lives and working conditions, reduce the dangers of unemployment and of civil strife, provide sufficient encouragement to enterprise and innovation and give some attention to the quality of life. Of course it *guarantees* none of

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[29] G. A. Cohen argues against using this term, insisting that a more apt designation for the epochal units into which historical materialism divides history is "economic structure". On this, see G. A Cohen 1978, pp. 79-84.

[30] Mechanisms necessary for capitalism to evolve, such as profit gaining, private ownership etc. These features are indeed properties of the capitalist mode of production as found in USA and Scandinavia, *and* additionally as defined by many defenders of capitalism on theoretical grounds.

[31] This notion is introduced by Philippe van Parijs in his *Real Freedom for All*. See P. van Parijs 1995.

[32] John Gray 1986, p. 160. Gray is however critical to this approach. See also J. Gray 1985, 1995.

[33] Alec Nove 1991.

> these things. Nothing can. People can vote for triviality, watch soap-operas on television, leave litter at beauty-spots. Conflicts of interest can go too far and threaten stability. But at least the socialism here presented should minimize class struggle, provide the institutional setting for tolerable and tolerant living, at reasonable material standards, with a feasible degree of consumer sovereignty and a wide choice for the citizens.[34]

I have nothing to add. Even if we *do* suppose that socialists like Alec Nove, and myself for that matter, should be held 'accountable' for the Soviet Experience, a reexamination of its feasible model is just what is required. Further, it has to be a comparative analysis and presented in opposition to contemporary capitalism and its ancestors as a feasible alternative.

[34] Ibid., p. 248.

Which Socialism?[35]

This thesis considers, as the title suggests, feasible socialism. In Alec Nove's terms, feasible socialism

> …*should be conceivable within the lifespan of one generation* – say, in the next fifty years; conceivable, that is, without making extreme, utopian, or far-fetched assumptions. I would add that for a society to be regarded as socialist one requires the dominance of social ownership in the economy, together with political and economic democracy.[36]

Because Marx's characterization of the communist society is hardly developed, 'extreme', 'utopian', and rather impractical, I will not consider this notion.[37] I will only briefly discuss what Marx meant by 'socialism' below, taking note that it does not suffice for the line of reasoning in this thesis. Nor will I consider Soviet state socialism,[38] because if we had reason to think socialism realizable only in the Soviet experiment, there would hardly be any case for socialism even in theory. I will argue for the case of feasible, democratic socialism, and will here only provide a weak definition of socialism, because most of its content is elaborated throughout this thesis, and presented in contrast to capitalism.

It is somewhat hard to find an interesting academic approach, which defends capitalism, as it exists in USA or Scandinavia today on intellectual grounds. The right-wing writers I include in this essay are clearly critical of contemporary capitalism[39] but are, at least in some respects, defending its libertarian principles. Hence, when I speak of capitalism throughout this thesis, I

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[35] This question is addressed by Norberto Bobbio in his book of the same title. For his approach to this question see Norberto Bobbio 1988.

[36] Alec Nove 1983, p. 11. Nove's discussion makes extensive use of comparative examples of socialist programs: The Soviet Experience, Hungarian and Yugoslav models of socialist organization, and Allende's Chile. Further, Nove stresses that "[w]e naturally assume that the state will exist; indeed it will have major politico-economic functions. […] [S]hips will have captains, news-papers will have editors, factories will have managers, planning offices will have chiefs, and so there is bound to be the possibility of abuse of power, and therefore a necessity to devise institutions that minimise this danger." (A. Nove 1991, p. 209). See also Robin Archer 1995, Alec Nove 1990 and Leszek Kolakowski 1978.

[37] On this, see Stanley Moore 1980, Bertell Ollman 1978.

[38] On this, see Leszek Kolakowski 1978, Alec Nove 1983, Christopher Pierson 1986.

typically refer to defenders of the capitalist aspects in question. Where such reference is not made, I have in mind contemporary capitalist democracies as found in the in the US and Scandinavia. Although, capitalist development differs in many respects from one constitution to another, the aspects discussed in this thesis are mostly subjected to general agreement. It should also be noted that no known capitalist system of property rights actually takes a purely historical form a la Nozick and his libertarian followers. As Elizabeth Anderson points out, the laws of bankruptcy, corporate law (with limited liability), inheritance, intellectual property, banking, and real estate in actual capitalist economies bear only a passing resemblance to libertarian rules, which would be much worse for economic development and prosperity than what actually exists.[40] And, as van Parijs rightly argues, there is no contradiction at all between capitalism, a system with most means of production privately owned, and massive redistribution of entitlements via a vast welfare state.[41]

It should be noted, however, that this is *not* an extensive treatment of the problems related to applied, twentieth-century socialism,[42] even though I am fully aware of them. What is relevant here are the features of socialism that contribute to democracy. So how is socialism viewed throughout this thesis?

A political economic arrangement is *socialist* when private ownership to the means of production is absent, or replaced by some form of non-private or public ownership, i.e. the state. The abolition of private property in means of production is part of what most socialists intend in speaking of socialism. However, it is evident that many socialists intend more as well. This includes more equal distribution of social goods, more absence of class domination, and more

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[39] Robert Nozick among them, see Nozick 1974.

[40] Elizabeth Anderson, private correspondence of March 28th 2001. See also E. Anderson 1990, 1993.

[41] See Philippe van Parijs 1995.

[42] On this, see J. M. Barbalet 1983, Robert N. Berki 1983, Norberto Bobbio 1988, Terrell Carver 1982, 1998, Joseph Femia 1993, Ben Fine 1983, Alan Gilbert 1981, 1991, John Gray 1986, Alan Hunt (ed.) 1980, Martin Jay 1984, Leszek Kolakowski 1978, George Lichtheim 1984, Steven Lukes 1985, Tom Mayer 1994, John McMurtry 1978, Karl Ove Moene 1990, Stanley Moore 1980, Alec Nove 1983, 1990, Bertell Ollman 1978, Rodney G. Peffer 1990, Christopher Pierson 1986, Adam Przeworski 1985.

democratization of decision-making process.[43] Together, these aspects promote and secure the democratic design we have stipulated above.

As I view Marx as a democrat, we have to briefly look at what Marx meant by the term 'socialism'. In a well-known passage, he states that

> [b]etween capitalist and communist society lies a period of revolutionary transformation from one to the other. There is a corresponding period of transition in the political sphere and in this period the state can only take the form of a *revolutionary dictatorship of the proletariat*.[44]

According to this passage, socialism is not a mode of production as suggested above, that is, a political economic system with formal equality and without private ownership of society's principal means of production. On the contrary, socialism is here meant to be a transitional stage reached before the inevitable outcome of communism. This seems highly anti-democratic. However, Marx's concept of the dictatorship of the proletariat ought not to be understood as an authoritarian, anti-democratic regime. As Jon Elster argues, "[t]he dictatorship of the proletariat… is characterized by majority rule, extra-legality, dismantling of the state apparatus, and revocability of the representatives."[45] Where the dictatorship of the proletariat exists, democracy pertains. The dictatorship of the proletariat *is* radical democracy: direct popular control of the societal institutions – social, political, and economic – that co-ordinate behaviors and shape individual's life. It is easy to see this transitional state of affairs more democratic than bourgeoisie democracy, since the working class is considerably larger than any other class. Hence its dictatorship conforms to the rules of majoritarianism. Socialism is to be attained through a process in which the proletarian majority achieves political power and directs the reorganizations of the property relations of capitalist society. Through this, the values of freedom, self-determination, and equality, are achieved.

Taken together we may draw the following prescriptions of feasible socialism and capitalism as conceived throughout this thesis:

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[43] Some might say that socialism consists *at least* of these claims. Additionally, capitalism may also embrace the last condition, and even do so in several capitalist countries, especially Norway, Sweden and Denmark.

[44] Marx, "Critique of the Gotha Programme", p. 355.

[45] Jon Elster 1985, p. 448.

1) Public ownership to the means of production. (Yes/Not in general).[46]
2) Public control of investment. (Yes/No).
3) Presence of more than two political parties. (Yes/Yes).
4) Presence of a decision-making, representative, legislative entity, i.e., a state apparatus. (Yes/Yes).
5) Frequent governmental elections. (Yes/Yes).
6) Freedom of speech when it does not exclude any group, class or individual from participating with equal rights. (Yes/Yes).
7) Taxation. (Yes/To some extent).
8) Public control of distribution of social goods.[47] (Yes/Not in general).

We see that 3, 4 and 5 are somewhat *democratic institutions* (not values) that both feasible socialism *and* capitalism have. 1 and 8 differ slightly in degree from Scandinavia to USA, the latter being the least restrictive.

Some remarks on the word *feasible* have to be made. Feasible means possible, manageable, or conceivable.[48] Let us again turn to Nove's definition. He states that Feasible Socialism "*…should be conceivable within the lifespan of one generation* – say, in the next fifty years; conceivable, that is, without making extreme, utopian, or far-fetched assumptions."[49] Is it possible to achieve? Yes, given some minimum standards regarding political and economic structures. Is it likely to be achieved? No, because the political economy is heading in the other direction. Why should we strive for it if it's unlikely to be achieved? Because in creating a better society we should always consider normative ideals to strive for, although the ideals are unlikely to be fully realized.[50]

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[46] Feasible Socialism/Capitalism.

[47] That is, school, education, health care, roads, parks *and* military and police service. Hence we move beyond the classical economic distinction between goods that are 'non-excludable' (or 'inexhaustible') and those who are not. If we adopt the economic distinction, any goods for individual consumption – health care, childcare, etc. – would not be a public good. However, when it comes to privatization policy, it is exactly this kind of goods that is in question.

[48] The New Oxford English Dictionary 1993, p. 926.

[49] Alec Nove 1983, p. 11, underlining added.

[50] Compare Kant's notion of 'Eternal Peace'.

Although Marx thought that socialism was scientific in nature,[51] he did not believe that its economic extension was. As G. A. Cohen puts it:

> By unifying social theory and social practice, socialism suppresses social science. It makes intelligible in practice spheres of human contact, which had been intelligible only through theory. When social science is necessary, men do not understand themselves. A society in which men do not understand themselves is a defective society. Socialism is not a defective society, and therefore social scientific theory is foreign to it. Capitalism is obscure. Only science can illuminate it. But in the bright light of socialism the torch of the specialized investigator is invisible. […] The past development of the productive forces makes socialism possible, and their future development makes socialism necessary.[52]

If socialism were indeed the inevitable outcome of inexorable historical processes, supported by science, there would be nothing further to say. Socialism would then prevail over capitalism on scientific, not moral grounds. Moral arguments would be, at best, irrelevant.

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[51] As opposed to capitalism. Further Marx believed that what most clearly distinguished him and Engels from the nineteenth-century French socialists was that their version (or vision) of socialism had this scientific character, while Proudhon and Fourier's was utopian. What Marx intended by this contrast was that the French socialist constructed elaborate visions of a future socialist society without an adequate understanding of existing capitalist society. For Marx, on the other hand, socialism was not an idea or ideal to be realized, but a natural outgrowth of the existing capitalist order. In one interpretation we might say that Marx' socialism was descriptive in nature, whereas Proudhon's was normative.

[52] G. A. Cohen 1978, p. 338, 206.

1. Freedom

> How much freedom I have depends on the number and nature of my options. And that in turn depends *both* on the rules of the game *and* on the assets of the players: it is a very important and widely neglected truth that it does not depend on the rules of the game alone.[53]

Freedom is at least as important to democracy as any other aspects. In a democracy we have to be free in order to express our views, criticize, form unions, parties and any other political agenda. If we are deprived from these freedoms, there cannot exist any democracy. I will argue that these freedoms are best protected and sustained under socialism, and that Marx's critique of capitalism provides us with solutions to overcome the problems of freedom.

There are four approaches to the statement that freedom is necessary if democracy is to be realized:

(1) That Marx's 'theory' of freedom provides us with a necessary condition for democracy;
(2) That capitalist freedom is an 'illusion' under which many individuals lack actual freedom;
(3) That socialism protects and promotes 'real freedom';
(4) That capitalism does not protect and promote 'real freedom'.

I will consider them all. Taken together, socialism fares better than capitalism with respect to freedom, despite what is widely supposed. Hence, the following chapters will relate to the questions:

(1) What makes capitalism unjust or undemocratic when it comes to a certain concept of freedom?
(2) Why is the capitalist market undemocratic?
(3) What makes socialism more democratic than capitalism with regards to the given concept of freedom?

So the first chapter is a reconstruction of Marx's notion of freedom and its relation to private property in general. The second chapter deals with the capitalist market and its limitations on freedom. The final chapter in this section considers the notion of 'real freedom', that is, a concept

[53] G. A. Cohen 1995A, p. 54.

of freedom that overcomes the problem of the libertarian view that freedom is to be considered only in terms of absence of restraints or coercion.

1.1 A Concept of Freedom

On Marx's view, freedom is to be interpreted as the opportunity for self-determination where this includes both *negative freedom*, i.e., freedom from the undue interference of others, and *positive freedom*, i.e., freedom to determine one's own life to as great an extent as is compatible with an equal opportunity for all.[54] Since Marx clearly is an egalitarian, he is also committed to an equal distribution of these social goods. I will quote Rodney Peffer in his accurate characterization of the Marxian notion of freedom:

> [T]he demand for negative freedom must be interpreted as the demand for a maximum system of equal liberties. Similarly, the demand for positive freedom must be interpreted as including both the right to equal *participation* in all social decision-making processes that affect one's life and the right to equal *access* to the means of self-realization. Finally, in societies characterized by moderate scarcity, the right of equal access to the means of self-realization must be interpreted as entailing, first, the right to an equal opportunity to attain social offices and positions and, secondly, the right to an equal opportunity to acquire other social primary goods (income, material wealth etc.).[55]

So Marx thought, and I think he was right in thinking that:

(1) Freedom is essentially the opportunity for self-determination and is based on the moral value of *autonomy*;

(2) Self-determination entails both negative freedom and positive freedom;

(3) Negative freedom is basically freedom from the excessive interference of others;

(4) Positive freedom is basically the opportunity to determine one's own life to as great an extent as is compatible with a like opportunity for all;

The opportunity to determine one's own life (4) entails both;

(a) The right to equal participation in all social decision-making processes, and,

(b) The right to equal access to the means of self-realization.[56]

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[54] Rodney Peffer 1990, p. 115.

[55] Ibid.

[56] Ibid., p. 123.

Of course, there is some discrepancy in the approaches to freedom between the earlier and the late Marx, but since none of them undermines the conditions of democracy, I will not discuss these here.[57]

A necessary condition to individual freedom is for Marx self-determination. Self-determination presupposes control of one's own life.

> A being does not regard himself as independent, unless he is his own master, and he is only his own master when he owes his existence to himself. A man who lives by the favor of another considers himself a dependent being.[58]

This *embraces* but are not *reducible* to Rawls' view that "[t]his or that person (or persons) is free (or not free) from this or that constraint (or set of constraints) to do (or not to do) so and so."[59] Although Rawls are fully aware of the distinction between positive and negative freedom,[60] it seems not bother him very much: "Questions of definition can have at best but an ancillary role."[61] Marx's conception also includes a rejection of this narrow view that liberty exhausts the category of freedom. It is also this Marx is describing (and condemning) when he argues that:

> This sphere that we are deserting, within whose boundaries the sale and purchase of labor-power goes on, in fact a very Eden of the innate rights of man. There alone rule freedom, equality, property and Bentham. Freedom, because both buyer and seller of a commodity, say of labor-power, are constrained only by their own free will. They contract as free agents, and the agreement they come to is but the form in which they give legal expression to their common will. Equality, because each enters into relation to the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself.[62]

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[57] On this, see Hilliard Aronovitch 1980.

[58] Marx, *Economic and Philosophical Manuscripts*, p. 165.

[59] John Rawls 1999, p. 177.

[60] For a general treatment of this distinction, see Isaiah Berlin 1969.

[61] Ibid.

[62] Marx, *Capital Vol. 1*, p. 176. You may want to overlook the polemic gestures against Jeremy Bentham.

Further, it is well known that Marx's conception of freedom is somewhat closely linked to the notion of private property. This is also relevant for the discussion of democracy, since, as, we have established, democracy relies on a certain concept of freedom, which in turn relies on certain organizations of property relations.

Capitalism's priority of and Marx's opposition to private property is obvious. As he stated: "the theory of the Communists may be summed up in the single sentence: Abolition of private property."[63] Capitalist private property "is the power possessed by private individuals in the means of production which allows them to dispose as they will of the workers' labor power."[64] The difference between the value of labor-power (the amount it costs to produce the labor-power) and the value such labor-power is able to create when put to work for a normal working day, is simply called "surplus value."[65] We should note that Marx sometimes calls this "unpaid labor." Its maximization is the core conduct of capitalism, and its accumulation requires that the worker receive *less* than he produces. Hence, a part of his labor is unpaid. This is the nature of *exploitation*.[66] Exploitation is eo ipso, unjust. So, in order to insure an equitable and just system of production, private property to the means of production has to be abolished,[67] so that the proletariat can lead the lives they want, and determine their own future. This freedom is for Marx closely related to autonomy – the ability or substantive freedom of people to lead the lives they have reason to value. Private property, in contrast, divides one's life activities, not "*voluntarily*, but naturally."[68] The use of *naturally* refers here to arbitrary division as opposed to self-chosen.

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[63] Marx & Engels, *Manifesto of the Communist Party*, *CW*, vol. 6, p. 498.

[64] George G. Brenkert 1980, p. 80. The problem here appears to be who owns the means of production, not the market per se.

[65] Ibid., p. 81.

[66] Ibid. For treatments on the nature of exploitation, see John Roemer 1982A, John Roemer (ed.) 1986, Jon Elster 1985, G. A. Cohen 1978, Arun Bose 1980. Roemer defines exploitation as follows: "A group [will] be conceived of as exploited if it has some *conditionally feasible alternative* under which its members would be better off." (Ibid., 1986, p. 103). Further, "[a] coalition is socialistically exploited if it could improve its lot by withdrawing with its *per capita* share of society's assets, once alienable assets are distributed equally." (Ibid., p. 109). For an excellent treatment of Marx's mathematical analysis and the 'Transformation problem', see P. A. Samuelson 1971, A. P. Lerner 1972.

[67] George G. Brenkert, Ibid.

[68] Marx & Engels, *The German Ideology*, pp. 47-48, as cited in G. G. Brenkert, ibid., p. 82.

But this is hardly enough to condemn private property relations for its rejection of freedom. However, Marx continues that people who engage in a society where private property to the means of production persists,

> [c]arry on their work independently of each other… and do not come into social contact with each other until they exchange products… [Thus] the relations connecting the labor of one individual with that of the rest appear, not as direct social relations between individuals at work, but as they really are, material relations between persons and social relations between things.[69]

Rather than citizens in a community we may feel that life gets its content when we enter a market relation and exchange products (or buy them). Our life is determined by our ability to buy things, not by our free participation in political matters. "Because private property promotes only the abstract and disguised objectification of oneself in one's objects and relations, private property is a denial of freedom."[70] In a society where private property to the means of production is introduced, privacy is raised to an ultimate social principle of the categorical form: "Mind your own business".[71] Each individual is expected to take care of himself and not to depend on others to look after his own interests. Every extension of private property thus represents an extension of the sphere of egoism. This divides the society into transactions in which there is always one seller and one buyer of the services provided.[72] Profit is gained through maximization of surplus value. Profit-gaining capitalism as such has indeed made stupendous technical and industrial progress – its development of productive forces far surpassing that of all earlier social formations. I addition, all commodities in this mode of production is set out for sale, including labor power. Man is subordinated to production. Production is measured or impelled by profit, not by the satisfaction of human needs, that is, production is allocated vis-à-vis purchasing power. As we move downward the demand-curve, production of the goods in question ceases. This is a risk of unbridled capitalism. In order to survive, a capitalist must rank the profit motif above all other concerns, such as laborers rights, work-place democracy and other ethical aspects of her practice.

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[69] Marx, *Capital*, vol. 1, p. 73, as cited in G. G. Benkert, ibid., p. 83-84.

[70] Ibid.

[71] Ibid.

[72] The two parties, seller and buyer, have conflicting interests when it comes to payment and price setting.

In this case, the worker is used as a means for the generation of surplus value and consequently material wealth – wealth that is wielded against him or her. Where large-scale exploitation exists, class society is instrumentally necessary, because it is only under conditions of class domination that productive capacities can expand – through "investment" of technological innovations and in new productive facilities. However, can a society maintain without some degree of exploitation? Aggregate supply has to come from somewhere, whether it is from the public body, or from the private market. Nevertheless, capitalism seems more prone to severe exploitation than socialism, because individual producers would not generally be willing to make the sacrifices required for further developing productive forces, unless effectively coerced. In most cases, innovation typically requires more that just incorporating new tools or methods. It requires radical social reorganization and massive social dislocations of a sort that rational, self-interested individuals would typically not voluntarily choose. Hence, an exploiting class that appropriates the economic surplus and allows it to be used to spur development is essential for the development of the productive forces.[73] This is the superiority of capitalism over socialism. Clearly, profit would not effectively escalate if each party to a transaction tried to satisfy the other's preferences at his own expense.[74] The success of a commercial transaction, its bringing benefit to both parties, depends on the possibility of drawing sharp lines between the interests of the parties. One must be able to define and satisfy one's interest independently of the other. If this fails, so does the transaction, and the business in general. So we might say that the freedom to acquire private property, and of course the potential profit gained from it, is really a matter of trial and error. The outcome of a transaction can either be success, that is if profit is gained, or failure, that is if the other party withdraws. This is the rule of the market.

[73] For methodological approach to this escalation, see G. A. Cohen 1978. For a critique, see Jon Elster 1985.

[74] On this, see Elizabeth Anderson 1990, 1993, p. 145.

1.2 The Market

In a common interpretation, a market transaction confirms to the notion of zero-sum, that is, the first partner of the transaction in question gains only what the other loses, or vice versa. However, as Smith and his followers have argued, it is possible to arrive at a perfectly profit-based transaction, in which both parties benefit as measured by the amount of utility or happiness. Hence it is possible that a transaction will be pareto improving, that is, it will make some of the parties better off without making anyone worse off.[75] Since I agree with this approach, I will not elaborate this further, nor will any argument be mounted against it. However, there are other market norms, which seems laborious. One important point is that a market transaction is actualized through 'exit', not 'voice',[76] that is, in terms of dissatisfaction, one simply leaves the transaction rather than sticking with it and trying to reform it from within. On the contrary, the political freedom of a citizen in a democracy is the freedom to participate on terms of equality with fellow citizens in deciding the laws that will govern them all.[77] Their freedom is really "the power to take the initiative in shaping the background conditions of their interactions and the content of the goods they provide in common."[78] Hence, it is a freedom to participate in democratic activities, not just to leave the country if their government does not satisfy their desires. This participation also includes the political right to be heard, that is, a well-functioning democracy distributes goods in accordance with shared principles (including a shared understanding of citizens' needs) that have evolved through participation and dialogue, not in accordance with unexamined wants. Finally, the goods provided by the public body are provided

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[75] See also James W. Child 1998. One can of course argue that profit is the motivation for engaging in market transactions and that profit requires exploitation. Exploitation is clearly not beneficial for both parties, because (1) The exploiter takes an unfair advantage of the exploited person, and the exploiter is getting something for nothing (N. Scott Arnold 1990, pp. 91, 97, as cited in Child, ibid., p. 262); (2) The exploited person is forced, in some way, to deal with the exploiter (Ibid., p. 90). See J. W. Child, ibid., pp. 261-277. Note that this definition of exploitation does not confirm to that of Roemer as stated on p. 25, note 66. What is relevant here, however, is not the different definitions of exploitation, but, rather, to which *degree* exploitation is present under capitalism versus socialism. For an extended treatment of exploitation in general, see N. Scott Arnold 1990, Arun Bose 1980, Allen Buchanan 1982, G. A. Cohen 1978, Jon Elster 1985, John Roemer 1982A, John Roemer (ed.) 1986.

[76] On this, see Albert Hirschmann 1970, Elizabeth Anderson 1993, 1990, David Schweickart 1993.

[77] Elizabeth Anderson 1990, p. 193.

on a nonexclusive basis; everyone, not just those who pay, has access to them.[79] However, there are some difficulties in interpreting the notion of 'public goods'. Since schools, education, and health-care are not grasped by the economic definition of inexhaustibility, nonexcludability etc.,[80] this definition is too narrow for our socialist model. The tendency to treat privatization of schools, universities, hospitals, and even parts of the security sector with indulgence seems more and more present in countries like Norway, Sweden and Denmark. Our freedom shifts from voice to exit. Put it otherwise, if these goods are distributed through exit there is actually little participation on the citizens' behalf. Distribution according to this principle is a response to unexamined wants: Commodities are exchanged without regard for the reasons people have in wanting them. This may have two implications. First, it means that the market does not respond to needs as such and does not draw any particular distinction between urgent needs and intense desires.[81] Hence, there may not be any mechanism in the market that distinguishes between the need of food or the desire to buy a new car. Further, the market cannot respond to demands unless supported by the willingness and capacity to pay. Where there are no demands supported by money, there is no market. Consequently, the market cannot respond to the need of e.g food when hunger is present, because people hit by starvation generally lack the ability to pay. If the market responds to needs, why is a fundamental need-problem like hunger and starvation still present?[82] It is relatively easy to overcome this kind of fundamental suffering when distribution

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[78] Ibid.

[79] Ibid.

[80] E.g. Hal Varian 1999.

[81] Elizabeth Anderson, Ibid., p. 183.

[82] This is a bit more complicated, however. Starvation is neither present in USA nor Scandinavia (at least not on the surface, but there is some evidence that endemic hunger is an increasing problem even in the US. See Frances Lappé et al 1998. However, we might say that *famines*, as characterized by at least "acute starvation and a sharp increase in mortality" (Sen & Dréze 1989, p. 7.), do not occur in USA nor Scandinavia). Nevertheless, since property rights over food are derived from property rights over other goods and recourses (through production- and trade channels found in USA and Scandinavia), the entire system of rights of acquisition and transfer is implicated in the emergence and survival of hunger and starvation whether this is present within the boarders or not. Thus, starvation may very well depend on how property rights are structured in the trading countries. Although, none of the countries experiencing famines satisfy democratic prescriptions, many of them rely on a capitalist mode of production, *and*, more interesting; deal with capitalist democracies in the west, including USA and Scandinavia. In some famines, this capitalist expansion has made the coping strategies much more difficult, since food from commercial agriculture has

of food is subjected to public policy, rather than demand supported by money. Of course, distribution of money tends to reduce starvation, allowing food to be transported by the normal channels of trade; this must be regarded as a last minute solution.[83] I am not saying that socialism is the only way to overcome this problem, indeed neither USA nor Scandinavia are experiencing famines. Hence, public distribution programs, or a crisis *force major* relying on a stronger legislative entity may work as efficient. Second, the market does not draw any distinction between reflective desires, which can be based on reasons or principles, and mere matters of taste.[84] Since markets in general provide "no means for discriminating among the reasons people have for wanting or providing things, it cannot function as a forum for the expression of principles about the things traded on it."[85] The somewhat narrow-minded market conception of personal autonomy reflects this fact. As the private market provides individual freedom from the value judgments of others, there will be little room for democratic disputes, and moral judgments. This may not be entirely bad, however. When it comes to certain goods, such as cars, jewelry, gadgets etc., it is not really required that we take other concerns but joy into account. Socialism would clearly restrict the supply of such goods, but will on the other side secure ethical disputes through work-place democracy. The question is whether the demand-side will have more influence on the production process or not. If the latter is the case, the open market would be preferable to socialism. But since work-place democracy is largely incompatible with the market, socialism is preferable. However, it does not automatically follow, that socialism overcomes the problems of work-place democracy *without* introducing new ones related to efficiency, innovation, and economic growth. To start with the first, a profit-based, privately owned firm, which is subjected to considerable competition in the market, would clearly be *pushed* by economic restraints provided by the market. If these restraints are somehow overlooked, and output declines, there would be difficult to uphold competitive production through new

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typically followed the normal channels of trade *out* of the areas, causing even more suffering (to be referred to as 'slump famines'). This was the case in the Ethiopian famine of 1972-74, where at least 100 000 were killed (Rivers, Holt, Seaman & Bowden 1976, p. 355, Amartya Sen 1981, pp. 86-112). For an excellent treatment on these topics, see also Amartya Sen 1982, 1983, 1984, 1987, 1988, 1999, A. Sen & J. Dreze 1989, 1995.

[83] See especially A. Sen & J. Dreze 1989.

[84] Elizabeth Anderson, ibid., p. 183. Taste in this sense might be regarded as something that is rather unfounded, and without any references to reasons and principles.

[85] Elizabeth Anderson, ibid.

innovations, lower prices etc. There is substantial evidence that competitors will, through the market, easily oust these firms.[86] The car-producers will serve as an example. Second, with respect to innovation, it follows from the efficiency aspect that a more efficient use of both human and material resources will provide a better economic foundation for innovation.[87] This was the case of Henry Ford who dominated the American car-market in the early 1900.[88] Third, it is not a coincidence that the countries that experienced greatest economic growth during the 20th century typically had private allocation of productive resources.[89] However, it is also evident that the level of equal distribution of these resources tends to decline along with taxes, but even more interesting; equality of income is associated with higher economic growth.[90] So the problem is really to find a taxation level (and allocate different taxation areas) that protects both economic growth *and* equal distribution. It is hard to imagine, also after we assess the empirical evidence, that this taxation is sufficient for the kind of freedom we require. Nevertheless, with respect to productive efficiency, innovation, and economic growth – independent of tax level – capitalism fares better than socialism.[91] However, we must be careful in considering which values are the most important. Even if we do suppose that socialism is inferior to capitalism when it comes to these aspects, we still have a case for the former on behalf of means to ends, i.e. survival (or freedom from famines etc.). Of course, a capitalist model may overcome the problem of hunger, but there is more to equality than just securing a minimum standard of living for all. An egalitarian distribution of economic and material wealth is more likely to take place in our socialist model. I will discuss this in further detail in section 2.

[86] On this, see Jeffrey James 2000.

[87] On this, see Barrell, Mason & O'Mahony (eds.) 2000, Stephan & Audretsch (eds.) 2000.

[88] This case is also interesting when it comes to working conditions and exploitation. On this, see Ray Batchelor 1994.

[89] See Olivier Blanchard 2000.

[90] See Persson & Tabellini 1994, Alesina & Rodrik 1994. More on equality in section 2.

[91] If equality of income is more likely to persist under socialism, as it may be, then following the evidence from Persson & Tabellini 1994, and Alesina & Rodrik 1994, socialism may contribute more to economic growth than capitalism does, when it comes to this aspect. However, economic growth seems to rely on other aspects as well, as discussed earlier.

Some people argue that freedom (and perhaps even efficiency) would be enhanced if the public goods[92] were completely divided into privately owned and controlled parcels that would then be provided on an exclusive basis.[93] As Elizabeth Anderson has observed, since Locke wrote his *Two Treatises of Government*, this argument has been an enduring one in Western political thought, particularly in libertarian circles, and is unfortunately adopted in Eastern Europe. The idea behind this proposal is that freedom and autonomy is "enhanced when people are granted the power of exit from common control of a good."[94] But how can freedom of exit be a substitute for the loss of voice and of nonexclusive access to the goods in question?[95] How can freedom be secured if public access is denied? It is assumed that the individual freedom is enhanced when interference is minimized. This may be true in some respects, e.g. I feel freer when I am able to shower as long as I want without interference from others. However, I take these provincial freedoms for granted, even in a feasible socialist model. It is quite another thing when it comes to the vital goods in question. In order to have democracy, freedom can only be secured through institutions of voice established over goods to which public access is guaranteed. Consider the uncontroversial case of public streets. Some libertarians have sadly suggested that a system of private, toll-charging roads would be superior to a public system, since these would be paid for through voluntarily user fees, rather than 'coercive' taxes, which charges people whether or not they want to use the roads.[96] The idea that such a system would increase the individual freedom is rather curious, however. If the roads are public, no one needs to ask anyone for permission to travel anywhere these roads go. We are free to use the roads whenever we like, without any restrictions whatsoever. If, on the other hand, the roads are in private hands, one must ask the permission of each owner to use them and thus, "subject oneself to whatever terms the owner

[92] In this interpretation, these are typically schools, hospitals, parks, streets etc.

[93] See Nozick 1974 among others.

[94] Elizabeth Anderson 1990, p. 194.

[95] It is worth noting that freedom of exit may sometimes be the freedom we really want. If I were in a harmful relationship with someone, perhaps I would much prefer to have the freedom of exit rather than freedom of voice. This need not undermine Anderson's general point, but it does suggest that freedom of exit is sometimes valuable, and, indeed, sometimes more valuable than freedom of voice.

[96] See ibid. For this proposal see Rothbard 1978, Ch. 11. Of course Nozick would perhaps claim that freedom is not merely descriptive. Hence, we have no general freedom to traverse roads (just like you have no freedom to sleep in my bed, wear my clothes, etc.).

demands for using these roads."[97] This system would, thus, be incapable of responding to needs, only wants backed up by money. Money would then be the determinant of freedom. The more money you have, the more freedom you get. Additionally, as Anderson points out, everyone would be subject to arbitrary restraints on their freedom of association by others.[98] Next to this loss, the restriction on freedom entailed by redistributive taxation is rather trivial. "It would even be reluctant to characterize it as a loss of *freedom* at all – merely a loss of money."[99]

However, Anderson seems doubtful about alternatives to market mechanisms when it comes to tracking-down wants:

> A centralized planning is inherently incapable of responding to widely dispersed information about what people want. Only markets are capable of responding to this information. So there is an indispensable place for markets, just as market freedom is an indispensable aspect of freedom, albeit a 'limited' and not comprehensive form of freedom. One thing markets do well is facilitating relations of cooperation among strangers, thus making the gains of cooperation more widely available to all. Reliance on solidarity mechanisms can also generate huge effort. The problem is not on the supply side – people can respond unselfishly, for solidaristic motives – but rather on the demand side: how to direct all that energy for the common good without wasting it?[100]

There are two aspects to the problem Anderson is here addressing:

(1) If the state can count on patriotism or solidarity as a motive by which people provide it with 'free' labor, the state will not get information about the true costs of this labor and hence will waste it. Volunteer labor in any organization is almost always used less efficiently than paid labor for this reason, and democracies are no different.

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[97] Elisabeth Anderson, ibid., p. 194.

[98] Ibid. Further, Anderson argues, "a libertarian would have to accept a proviso on property acquisition that prevents people from actually *trapping* people in a small territory. But his proviso does not prevent private interference with others' freedom of movement that is less drastic than complete entrapment. For the libertarian narrow approach to freedom does not acknowledge that the restrictions mentioned are to be interpreted as interferences in others' freedom at all, since the freedom we are concerned with here is not embodied in some property right." (Ibid.) See also Nozick 1974, pp. 55, 178-182.

[99] Elizabeth Anderson, ibid., p 195.

(2) There is a distinction between the good of all and the good of each. The good of all is what democratic states should work for.[101] But it is not exhaustive of the good of each. What's valuable from the collective democratic perspective, e.g. a social security net, is not what's valuable from each individual perspective – but for all that, it does not follow that the latter perspective does not hook us in to genuine goods.

(3) Aesthetic value is typically personal and idiosyncratic, and cannot be properly expressed in the public realm except in a very limited way. So the problem with abolishing private property is that even under ideal democratic circumstances at best it would leave us with only goods that could be valued from everyone's perspective, leaving out the wonderful myriad of goods that are valuable from more personal and individualized perspectives. Markets cater to the latter, which is why they are important.[102]

Anderson's arguments fit well in with her view that

> [t]o argue that the market has limits is to acknowledge that it also has its proper place in human life. A wide range of goods are [*sic*.] properly regarded as pure commodities. Among these are the conveniences, luxuries, delights, gadgets, and services found in most stores. […] The difficult task for modern societies is to reap the advantages of the market while keeping its activities confined to the goods proper to it.[103]

Anderson's claim is largely (but not exclusively) empirical: in principle large centralized organizations *could* respond to individualized needs – it is just that they have a remarkably bad record of doing so. And we have an armchair argument for seeing what that is so: to respond to needs, we need to know details about what those needs are, their psychological status, etc., and a common argument is that large bureaucracies lack knowledge of these things.[104] However, I do not see why a democratic socialist society is unlikely to respond to different kinds of demand.

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[100] Elizabeth Anderson, private correspondence of March 28th 2001. On this issue, see also E. Anderson 1993, Ch. 4 and 7.

[101] However, an important question is: *Will* democratic states work for the good of all? As far as methodological individualism concerns, this question invokes a debate on human motivation, which is too vast for this purpose. Let us for the moment simply assume that we are motivated by *both* self-interest and the good of all.

[102] Elizabeth Anderson, Ibid.

[103] Elizabeth Anderson 1993, pp. 166-167.

[104] Hugh LaFollette, private correspondence of September 27th, 2001.

There is no contradiction in claiming that a centralized planning of production and distribution can rely heavily on different kinds of demands as well as needs, were they sufficiently investigated. Even John Rawls recognizes this when he writes, "that market institutions are common to both private-property and socialist regimes […]."[105] A worker-managed, public-owned firm may also be sensitive to changes in demand, even though this is not necessarily so. The question is whether these changes require reorganizations and a shift in production or not. If downsizing were the inevitable outcome of a shift in the market demand, unemployed workers would perhaps be equally protected through implementation programs under both socialism and welfare-state capitalism a la Scandinavia. However, there are many steps to take before this action, and profit-gaining business are in general more prone to dismissal policy, because profit is a matter of survival. The same people will produce the same goods (maybe less efficient); they are just subjected to democratic decision-making rather than divide and conquer. There are some additional problems with Anderson's interpretation of the market as a provider of 'aesthetic pluralism' as stated in (3). It is not an accident that public museums, theaters and TV-channels fare much better with respect to depth, width, and seriousness than do commercial competitors who are much more dependent on income, primarily from advertising. One might argue that these facilities are best protected in private hands because they typically regard taste. However, it is evident that the public facilities lose much of their quality when they are subjected to competition from commercial quarters. Just look at NRK (the Norwegian public service channel) after the deregulation in the mid 80's. I will not pursue this further, however, in danger of becoming too relativistic. My point is only that, as Anderson also argues, let us limit the market to the goods proper to it. The failure of the libertarian argument seems to lie in the view that individual freedom is always increased when the public goods are divided into parcels over which individuals have exclusive control. But isn't it more to freedom than just absence of restraints?

[105] John Rawls 1999, p. 242.

1.3 'Real Freedom'

This conception of freedom is very close to that of Marx. It requires that we go beyond freedom from restraints and place focus on opportunity and possibility, as non-formal properties:

> [I]f we really do think it is important that a person should be able to lead the life that he or she would choose, then it is the general category of positive freedom with which we have to be concerned.[106]

Sen's view confirms to that of van Parijs:[107]

> I shall use the term *real* freedom to refer to a notion of freedom that incorporates all three components – security, self-ownership, and opportunity – in contrast to *formal freedom*, which only incorporates the first two.[108]

If we recall Marx's view, we see that the only thing that separates his conception and real freedom as stated by van Parijs, is the notion of self-ownership. However, Marx's view is *compatible* with the self-ownership theorem.[109] As opposed to Marx's view of freedom, and Sen's and van Parijs' for that matter, libertarians[110] only consider its negative function (i.e. freedom from the undue interference of others, hereafter the narrow view).[111] This conception of freedom fails to recognize that freedoms can only be exercised in spaces where no individual has more control than others. This is also essential to the notion of democracy. It is typically this notion of freedom Marx has in mind when he says that

> This kind of individual liberty is thus at the same time the most complete suppression of all individual liberty and total subjugation of individuality to social conditions which take the form of material forces – and even of all-powerful objects that are independent of the

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[106] Amartya Sen 1990, p. 50.

[107] Indeed, the same passage is cited (with some modifications) in P. van Parijs 1995, p. 240 note 45.

[108] P. van Parijs ibid., pp 22-23.

[109] See chapter 2.3 below. See also Cohen's treatment of this in his *Self-Ownership, Freedom, and Equality*, (G. A. Cohen 1995).

[110] Nozick in particular. See Nozick 1974, p. xi.

[111] For an excellent treatment and critique of this view see Colin Bird 1999 and Ronald Beiner 1992.

individuals relating to them.[112]

Note that Marx does not base this critique on a concept of justice. He never claims that individuals under capitalism are subjected to a complete suppression of justice. So we might say that the narrow view fails not because it is unjust,[113] but because it is too narrow, leaving situations in which individuals possess freedom from coercion,[114] but not other freedoms. This is also in line with Amartya Sen's critique of capability deprivation under capitalism.[115] With this in mind, Marx claims that

> the [bourgeoisie] idea of freedom itself is only the product of a social condition based upon Free Competition… [B]y freedom is meant, under the present bourgeois conditions of production, free trade, free selling, and buying.[116]

He continues that

> This talk of free selling and buying, and all the other 'brave words' of our bourgeoisie about freedom in general have a meaning, if any, only in contrast with restricted selling and buying, with the fettered traders of the Middle Ages but have no meaning when opposed to the communistic abolition of buying and selling, of the bourgeois conditions of production, and of the bourgeoisie itself.[117]

So there is a significant difference between justice and freedom, and this has to do with a difference in their relation to the mode of production. This means that the freedom enjoyed under capitalism (or in a society where one class dominates another) may be seen as illusory since not all members of society enjoy the benefits of the freedom to acquire private property. This may be seen as a freedom to suppress. Bearing this in mind, what are the "undemocratic" implications of capitalism's narrow concept of freedom?

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[112] Marx, *Grundrisse*, p. 131.

[113] This, however, is not necessarily true. Merely freedom from coercion is compatible with a very repressive but law-abiding system of slavery. That must indeed be regarded as unjust. (See P. van Parijs 1995, p. 21).

[114] For a discussion on what coercion constitutes, see Jon Elster 1985, pp. 211-214.

[115] See especially A. Sen 1985B, 1999.

[116] Marx, "Speech on the question of free trade", *CW*, vol. 6, p. 464, as cited in George G. Brenkert 1980, p. 94.

[117] Marx & Engels, *Manifesto of the Communist Party*, *CW*, vol. 6, pp. 499-500, as cited in G. Brenkert, ibid.

Of course, there are libertarians whose view of freedom differ and still don't conform to the Marxist approach.[118] However, I believe that Marx's critique is particularly concerned with the view that freedom is only defined through the absence of coercion, i.e. the narrow view. Marx's view of freedom presupposes the narrow view. That is, we are free (Marx's view) to do *X* only if we are free (narrow view) to do it. But the narrow view does not presuppose Marx's view. We may be free (narrow view) to do *X* without being free (Marx's view) to do it. Similarly, if the absence of (coercive) restraint is prized, then we ought also to value the socially conditioned capacity to do what we want. For what is the point of being free (narrow view) except to achieve our ends? Absolute liberty (according to the narrow view) diminishes freedom (Marx's view); but except insofar as liberty is deemed good in itself, freedom (Marx's view) is what makes liberty worth having. Of course, one might argue that freedom (narrow view) has some intrinsic value that is good, and therefore it should not be rejected. However, in quite many cases, it is hard to separate actions (led by principles) from its consequences, and even harder to make moral judgments about an action's intrinsic value, whatever this turns out to be. Making moral judgments about actions per se, separated from its actual consequences is a rather difficult task. Even though we may not know *all* implications or consequences of an action, this does not mean that we do not believe that it has some consequences at all. An example will illustrate this. Consider Henry George's formula of giving "the product to the producer".[119] This is of course an ambiguous rule, but no matter how these ambiguities are resolved, it seems clear that this rule would give no part of the socially produced output to one who is unemployed since he or she is producing nothing. Indeed, a person whose productive contribution for some reason is rather small, according to *whichever* procedure of such accounting we use, can expect to get very little based on this so-called "natural law".[120] Thus, e.g. hunger and starvation are compatible with this well known libertarian system of rights.[121] Although,

> George thought that this would not occur, since the economic reforms he proposed

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[118] E.g. John Rawls 1973 and Isaiah Berlin 1969. However, Rawls' commitment to equal shares of social primary goods may seem far more closer to Marx than to Nozick. My point is only that there may be several other notions of freedom to deal with.

[119] Henry George 1979, p. 451, as cited in Amartya Sen 1988, p. 60.

[120] Amartya Sen, ibid.

[121] Ibid. See also Amartya Sen 1982, 1987, A. Sen & J. Dreze 1989, 1995.

> (including the abolition of land rights) would eliminate unemployment, and provision for the disabled would be made through the sympathetic support of others.[122]

These are only empirical matters. If these empirical generalizations were jeopardized, then the outlined system of rights would yield a serious conflict. The property rights to one's product (however defined) might be of some intrinsic moral relevance, "but we clearly must also take note of the moral disvalue of human misery (such as suffering due to hunger and nutrition-related diseases)."[123] This is relevant because in comparing economic arrangements, it is precisely systems of property that are in question. Of course, property rights have some other non-intrinsic beneficial effects linked to advances in perfectionism, civilization, health care, education, infant mortality rate, life expectancy, and even food production.[124] But even if we do suppose that these advantages are apparent, do they amount to an overall justification of private property on behalf of its disvalue? Consider the empirical defense of property rights as proposed by Kenneth Arrow:

> Since the full force of modern capitalism began in the eighteenth century, the health of mankind, as measured by longevity, for example, has increased enormously, even more rapidly in this century. The expected length of life in Bangladesh (a very poor country) is about 60 years, well above that of Great Britain in 1900.[125]

There are two problems with this kind of statement: First, Although the facts may be right, Arrow's claim is exclusively empirical. What it says is that there is a strong correlation between capitalism and longevity, or life expectancy. It does not take any causal explanation into account. Life expectancy in China and Soviet (both abolished capitalist private property) has increased as well.[126] Second, longevity is measured on the average, so it could be that the upper minority has increased their longevity enormously, while there is a substantial majority of the population whose longevity has slightly decreased since capitalism was introduced.

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[122] A. Sen 1988, p. 60.

[123] Ibid.

[124] Larry Temkin, private correspondence of July 5th 2000.

[125] Kenneth Arrow, private correspondence of May 21st 2000. See also Kenneth Arrow 1951, 1971, 1977, 1982, Arrow & Raynaud 1986, Arrow & Chichilnisky 1999.

[126] See Amartya Sen 1999, Sen & Dreze 1989, 1995.

Clearly, all systems of property restrict liberty (or freedom according to the narrow view) in some sense(s). We are unfree (narrow view) to violate property rights, whatever they may be. If an asset is privately owned, as means of production are under capitalism, no one but the owner is free (narrow view) to use it, exchange it or destroy it, except with the owner's permission. Private ownership restricts everyone's liberty[127] somewhat, though non-owners are generally more severely restricted than owners.

Thus to claim, as some libertarians do,[128] that freedom exclusively consists in being unrestrained from doing what one wants with what one owns, given that it does not harm others, is to totally ignore the respect in which what one owns is itself in question in assessing how free one is. As long as we can recognize that property is in question,[129] I will argue that under socialism, the loss of freedom (narrow view) for owners of property in means of production is offset by gains in freedom (Marx's view) for others. Hence, the 'real freedom' (narrow view in conjunction with Marx's view) throughout society is increased. So there can be no automatic case for capitalism when it comes to freedom.

Whenever capitalist property is accorded entitlement, there is a bias in capitalism's favor. For it is natural to conclude that society is freest (Marx's view) when owners of property is freest (narrow view) to do as they please with what they own, and capitalism is precisely the mode of production that accords the greatest degree of such liberty to owners of property.[130] Nevertheless, the question is not: given capitalist property, does socialism or capitalism best advance freedom (Marx's view). On the contrary, the question is: which mode of production, which sort of restrictions on freedom (narrow view), is optimal for maximizing freedom (Marx's view)? Merely absence of coercion (narrow view) may cause people with recourses to acquire private property in terms of profit-gaining business (indeed, this entitlement is precisely what the narrow view protects). This results in separate divisions of privately owned production cartels, which fosters classes that can be defined in terms of ownership or non-ownership to the means of

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[127] Perhaps even owner's liberty. However I am not going to pursue this further.

[128] Robert Nozick in particular. See R. Nozick 1974.

[129] I think even the most extreme libertarians would recognize this. After all, what else is the difference between modes of production but property relations? See Jan Narveson 1988.

[130] On the other hand, sometimes one must reduce individual freedom (narrow view) in order to enhance society's freedom (narrow view). See Philippe v. Parijs 1995, p. 16.

production. In order to increase profit, the non-ownership class has to be exploited, that is, some of their labor must be unpaid. Clearly, as Jon Elster puts it, "[a] worker is *exploited* were he to withdraw with his per capita share of the means of production."[131] It is slightly controversial how this fact entails unfreedom, because "a worker can be exploited without being either coerced or forced to sell his labor-power."[132] However, as stated earlier, there can hardly be a total lack of exploitation, even in a feasible socialist model. Aggregate supply has to come from at least a moderate surplus. Hence, a moderate degree of exploitation seems inevitable. So the question is really whether this exploitation constitutes the essence in a mode of production or not. I will argue that capitalism, after all, relies more heavily on exploitation that socialism does. Nevertheless, the freedom of the exploited class is clearly less obvious than that of the capitalist class, since the former does not have a free disposal of the means of production. As Marx noted, after private property to the means of production is established, there occurs a division of labor. As soon as this

> … comes into being, each man has a particular, exclusive sphere of activity, which is forced upon him and from which he cannot escape. He is a hunter, a fisherman, a shepherd, or a critical critic, and must remain so if he does not want to lose his means of livelihood.[133]

The sense to this rather "impractical" passage is not the lack of developed technology in the world of hunters and fishermen,[134] but Marx's emphasis on the forced activities of man. This

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[131] Jon Elster 1985, p. 216. This claim does not contradict Roemer's definition as stated earlier.

[132] Ibid.

[133] Marx & Engels, *The German Ideology*, *CW*, vol. 5, p. 47.

[134] This is rather curious however. It is clearly not a capitalist society Marx here describes. Nevertheless, it is a well-established fact that Marx intended all societies to go through capitalism to reach communism. On this, see Kostas Axelos 1976, p. 257f, Robert N. Berki 1983, p. 74f, M. M. Bober 1965, p. 287f, Bruce Mazlish 1984, p. 94f, Alec Nove 1983, p. 46f, Peter Singer 1980, p. 60f, Allen E. Buchanan 1982, p. 22f, G. A. Cohen 1978, p. 132f, Graeme Duncan 1973, p. 182f, Agnes Heller 1976, p. 105f, Bertell Ollman 1971, p. 160f, Paul Thomas 1980, p. 148f, Peter Worsley 1982, p. 88f, J. M. Barbalet 1983, Isaiah Berlin 1978, Jon Elster 1985, Ben Fine 1983, p. 87f, Alan Gilbert 1981, Richard N. Hunt 1975, Leszek Kolakowski 1978, George Lichtheim 1964, John McMurtry 1978, Melvin Rader 1979, William H. Shaw 1978, Wal Suchting 1983, John Torrance 1977, Allen W. Wood 1981, Christopher J. Arthur 1986, p. 137, Shlomo Avineri 1968, p. 231f, Alex Callinicos 1983, p. 175, Michael Evans 1975, p. 159f,

entails a larger degree of alienation. When individuals are alienated, they are eo ipso unfree. Additionally, we might argue that:

(1) Profit escalation depends, in some respect, on some groups or individuals being first exploited, and as a result of this exploitation, alienated;

(2) Private production is motivated by the wish to generate profit.

It is somewhat important to notice that (1) is a property that socialism may also have, but that the degree of exploitation, and thus alienation, differs. But given (2), a rational business strategy would be to prevent competition through creation of monopolies. It is important to note that the interests of seller and buyer differ to a large extent. Even Adam Smith (not a great admirer of public regulation in general) stressed this discrepancy when he wrote:

> The interest of the dealers, however, in any particular branch of trade and manufactures, is always in some respect different from, and even opposite to that of the publick. To widen the market and to narrow the competition, is always the interest of the dealers. To widen the market may frequently be agreeable enough to the interest of the publick; but to narrow the competition must always be against it, and can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy for their own benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention.[135]

In turn powerful multinationals dominate the world market and the free competition so often put forward as a beneficial effect of capitalism, is eliminated. As Marx observed

> In history it is an empirical fact that separate individuals have, with the broadening of their activity into world-historical activity, become more and more enslaved under a power alien to them… a power which has become more and more enormous and turns out

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William Leon McBride 1977, p. 129, David McLellan 1969, p. 132, John Plamenatz 1975, p. 143f, Alfred Schmidt 1971, p. 146, Terrell Carver 1982, p. 75f.

[135] Adam Smith, *Wealth of Nations, vol. I, book II*, pp. 266-267, as cited in Amartya Sen 1999, p. 123.

> to be the world market.[136]

Division, not only of society, but also of interests is present:

> It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love.[137]

The interest of the former is to maximize profit by getting as much money she can from the product or service. It is obvious that monopolies allow prices to be considerably higher than necessary because they are no longer subjected to adequate competition.[138] The consumer's interests, on the other hand, is to pay as little as possible for the goods in question. The only power the consumer has towards the other part of a market transaction is to leave it (exit) if it is considered unsatisfactory. Hopefully it exists another entrepreneur with a more satisfactory offer.

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[136] Marx & Engels, *The German Ideology*, p. 38, 51, as cited in George Brenkert 1980, p. 97.

[137] Adam Smith, *Wealth of Nations*, pp. 26-27. For a vast comment on this often-quoted passage, see Amartya Sen 1999, pp. 271-273. The passage is also cited here on p. 256.

[138] This problem will clearly also emerge in feasible socialism, but, again, we must consider other values as well, i.e. democratization of decision-making processes, work-place democracy, equality of opportunities, real freedom etc.

1.4 Concluding Remarks

Freedom from coercion (negative freedom) is eo ipso clearly not a guarantee for other freedoms to evolve. The concept of freedom, however defined, must be pursued further, because, as argued in chapter 1.1, merely freedom from coercion yields differences with respect to other freedoms. Thus, negative freedom may serve as a necessary but not sufficient condition for other freedoms to evolve. Further, a concept of freedom that enhance democracy, must by no means be exclusive, that is, everyone must have access to it. Additionally, as I have argued in chapter 1.2, democratic freedom must stress voice, rather than exit, because the latter excludes participation. The freedom of exit in the capitalist market demonstrates this. So how are we to define a concept of freedom that may foster and preserve major advances in democracy? That the acquisition of property rights is in question should come as no surprise. If property rights reduce freedom (Marx's view), as may be the case when considering our discussion of the market, property rights may be restricted so as to guarantee a more uniform distribution of freedom in general. As argued in chapter 1.3, freedom (narrow view) may be fulfilled without the presence of freedom (Marx view). In this case, those in acquisition of private property are typically free (Marx's view) at the expense of other people's unfreedom (Marx's view). Hence freedom (narrow view) alone is excluding. It would be natural to conclude that society's total freedom is largest when individual freedom (narrow view *in conjunction with* Marx's view) is largest. Bearing this in mind, individual freedom may be arranged so as to secure freedom (narrow view) where this does not threaten other's freedom (Marx's view), and when it does, freedom (Marx's view) must be required. Since negative freedom (freedom from coercion or narrow view) pays no attention to the concepts of self-determination and self-realization, it cannot advance society's total 'real freedom'. So with respect to the latter, socialism (as constituting Marx's view) fares better than capitalism (as constituting the narrow view).

2. Equality

> Investigations of equality – theoretical as well as practical – that proceed with the assumption of antecedent uniformity (including the presumption that 'all men are created equal') […] miss out on a major aspect of the problem. Human diversity is no secondary complication (to be ignored, or to be introduced 'later on'); it is a fundamental aspect of our interest in equality.[139]

Egalitarian distribution, where everyone to whom some benefit or burden is to be distributed gets the same amount, has been advocated both as a means for some further end and as an end in itself. Today, equality is in left-wing policies widely regarded as desirable for its own sake. However, in balancing off the various ends social policy aims to realize, equality is typically accorded low priority; and the support there is for achieving equality is typically overwhelmed by other considerations, such as economic growth which suddenly also became an end in itself during the last decade.[140]

In this section, I will consider three questions:

(1) What makes capitalism unjust or undemocratic when it comes to equality of opportunities and material inequalities?

(2) Is equality of opportunities present if some groups, individuals or classes possess 'false consciousness'?

(3) What makes socialism more democratic than capitalism with regards to material equality?

In the first chapter, I discuss equality of opportunities, and how a lack of this may foster material inequalities. I also consider the mechanism capitalism has for generating material inequalities. In the second chapter I address the phenomenon of false consciousness, and argue that socialism provides possibilities to overcome this problem by paying more attention to the equal opportunity to participate. The final chapter deals with the criteria for material equality and the relation between differences produced by capitalism, and democracy.

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[139] Amartya Sen 1992, p. xi.

[140] This is curious, however. How can mere money be regarded as an end in itself? This is maybe the most typical example of modern fetishism. For a treatment of fetishism in general, see G. A. Cohen 1978, Ch. 5, Jon Elster 1985, pp. 95-99.

2.1 Equality of Opportunities

In *The Holy Family*, Marx states that the proletariat is dehumanized. Its "life situation" is the negation of its "human nature". Through wage labor, the working class is forced into "creating wealth for others and misery for itself."[141] In *The Poverty of Philosophy*, Marx claims that the bourgeois are "indifferent […] to the sufferings of the proletarians who help them acquire wealth."[142] *The German Ideology* states that the working class "has to bear all the burdens of society without enjoying its advantages."[143] In *Capital vol. 1*, Marx says that

> The capitalist gets rich not like the miser in proportion to his personal labor and restricted consumption, but at the same rate as he squeezes out the labor power of others, and enforces on the laborer abstinence from all life's enjoyments.[144]

Capital vol. 3 speaks of "coercion and monopolization of social development (including material and intellectual advantages) by one portion of society at the expense of the other."[145]

Despite that all these statements generally lack what we may label a normative language, they clearly have some sort of normative property. They all yield a picture of a society with extreme inequalities of wealth, and they may well apply to capitalist societies of today.

In this chapter, I will consider the question: What makes capitalism unjust or undemocratic when it comes to equality of opportunities and material inequalities? An answer to this requires an answer to another related question, namely: What is equality of opportunity?[146] As a first approximation, we might suppose that equality of opportunity requires that a benefit be allocated on a basis that does not categorically exclude anyone who might want it. Hence, to defend discrimination based on faith, income, class etc., is clearly to deny equality of opportunity. Second, the grounds for selection (or we might call it legitimate exclusion) should be both appropriate for the benefit in question, and also be such that people throughout society have an equal chance of satisfying them, regardless of faith, income, class and the like. The point of

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[141] Marx & Engels, *The Holy Family*, p. 368.

[142] Marx, *The Poverty of Philosophy*, p. 118.

[143] Marx & Engels, *The German Ideology*, p. 85.

[144] Marx, *Capital, vol. 1*, p. 651.

[145] Marx, *Capital, vol. 3*, p. 819.

[146] For an extensive treatment on this question see John Rawls 1973, Larry Temkin 1993, Allen Buchanan 1982.

equality of opportunity is to bring about fair competitions. It is not just to make fair competitions juridically *possible*. As was the case for freedom, a merely formal equality of opportunity is useless. That a more egalitarian distribution of income and other societal benefits would bring about a fairer competition seems apparent.

Materially based inequality is not necessarily caused by a lack of equality of opportunities, but that absence of equality of opportunity causes material inequalities is rather obvious. Clearly, a lack of equality of opportunities is considered unfair and, thus, detrimental to democratic ideals of equal political influence. I will also argue that a lack of material equality is undemocratic since it excludes those materially worse off, at least those below some threshold. Capitalist societies allocate income differentially in virtue of private ownership of productive assets and have thereby a mechanism for generating material inequalities that socialism lacks: Capitalism allocates incomes differentially in virtue of private ownership of productive assets. On the other hand, capitalist societies can also rely on redistributive measures to advance equality, as is the case in the Scandinavian model. However, one would expect socialism to have less to correct for, inasmuch as the distinctively capitalist mechanism for generating material inequalities is, by definition, absent under socialism.[147] It seems obvious that capitalism, based as it is on private property rights and profits gained, fosters material inequalities. Because socialism must also have aggregate output, there is a potential for inequality unless output is not distributed equally. But since equal distribution of social goods is inherent in socialism, this problem is absent through institutions sensitive of needs. On the contrary, as was discussed in the previous section, what a capitalist market responds to is "effective demand", that is, desires backed up by money or the willingness to pay for things.[148] Unless you can pay for the commodities represented in the market, you are not regarded as a participant. That is, unless you have the money, you are excluded. This entails a material advantage for those who can afford to pay for the commodities. Even if this sample of the population represents a great majority, it will still be wrong to call it democratic, since a representative minority is excluded. The capitalist market ideal identifies

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[147] Of course, one may argue that socialism has other mechanisms that generate e.g. income inequalities, but even if this is true, it also has inherent a mechanism in which these inequalities are easily taxed away. This is a substantial prescription of socialist redistribution.

[148] For an excellent treatment on this and related topics, see Elizabeth Anderson 1993 and Amartya Sen 1985A, 1987.

democratic freedom with the power to exclude others from participating in decisions affecting one's property. But when the realms are completely divided into private property, nearly everyone is excluded from decision-making power over central areas of their lives. One central aspect of democratic equality, on the other hand, is the equal right to participate in collective decisions. It is really a right to be included, rather than to exclude others. Hence, there are two statements that can be drawn from this.

(1) Capitalism creates and sustains inequalities, and gross ones at that.

(2) Material inequalities are, other things being equal, unjustified.

Regarding (1), that large inequalities are pervasive throughout capitalism cannot possibly come as a great surprise. A system that is built on free competition also fosters 'losers', that is agents who cannot stand the pressure from expanding global competitors.[149] Some argue that since every competitive equilibrium are Pareto optimal,[150] it would be rational for capitalists either to keep wealth for personal use, or to feed it back into wealth-producing enterprises. To facilitate material equality the first category of wealth would have to be shared and the second would have to be invested in a structured way to maximize employment, high wages, social services and the like. No capitalist can willingly reinvest capital in such a way, since any who did would risk losing out to competitors who did not, unless all were forced to do so. Employment, work-place democracy,

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[149] For a discussion on the well-known paradox of capitalist monopolies, see Elster & Moene 1990, Philippe van Parijs 1995, Joseph Femia 1993.

[150] All that Pareto optimality implies is that there is no other feasible alternative that is better for everyone without exception, or better for some and no worse for anyone. However, a more extensive definition is proposed by G. A. Cohen: "State A is *strongly Pareto-superior* to state B if everyone is better off in A than in B, and *weakly Pareto-superior* if at least one person is better off and no one is worse off. If state A is Pareto-superior to state B, then state B is *Pareto-inferior* to state A. State A is *Pareto-inferior* (*tout court*) if some state is Pareto-superior to state A. state A is *Pareto-optimal* if no state is Pareto-superior to A: it is *strongly* Pareto-optimal if no state is weakly Pareto-superior to it, and *weakly* Pareto-optimal if no state is strongly Pareto-superior to it. State A and B are *Pareto-incomparable* if neither is (even weakly) Pareto-superior to the other. A change is a *weak Pareto-improvement* if it benefits some and harms none, and a *strong Pareto-improvement* if benefits everyone. The *Pareto principle* mandates a Pareto-improvement whenever one is feasible: the strong principle mandated (even) weak Pareto-improvements, and the weak one only strong Pareto-improvements." (G. A. Cohen 1995B, p. 160-161, note 4.). For an economic approach, see Amartya Sen 1981, 1982, 1983, 1984, 1988, 1992, 1999. Observe that Pareto-improvements in general are not compatible with the zero-sum approach to market transactions discussed earlier. On this, see James W. Child 1998.

high wages, and social services may be regarded as ethical values. If viewed in this way, we clearly see that these values typically have a lower priority that that of surplus value in a capitalist society.[151] For the same reason no capitalist can afford to spread around very much of whatever is held back for personal use, since this might sometimes be needed as capital These are two ways that having major allocative decisions in capitalist hands inhibits equality. Suppose that citizens in a capitalist democracy want simultaneously to increase the rate of economic growth and to redistribute income.[152] Suppose further that doing so requires both stimulating investment and increasing taxation. The private control of investment is an obstacle to this combination of policies. Rational capitalists will not invest more when they expect that more of their gains will be taxed away. Since declining investment would impose long-term material losses on citizens, rational citizens anticipating the choices of capitalists will not introduce the scheme. So, even if political parties are perfect representatives of citizens, no party in power will consistently advance the desired policies. Since the private control of investment thus imposes important constraints on the collective choices of citizens, public control of investment is required as a remedy. Less direct ways will also function.[153] We might say that citizens in a democracy are at least formally equal, and democratic procedures officially vest power in numbers. But because economic recourses provide the material basis for organized political action, groups that are materially disadvantaged face important organizational and political disabilities. A well-functioning democracy, based on the principle that political opportunity should not be a function of economic position,[154] would therefore be aided by a more equal distribution of material recourses than is characteristic of capitalism.

The 'other things being equal' qualification in (2) is to indicate a presumption in favor of equality while allowing exceptions. This is one way a socialist argument can appropriate John Rawls' famous second principle of justice, which clearly favors equality but allows inequalities, provided that they benefit the least advantaged.[155] However, socialists seem divided on whether

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[151] On this, see Elizabeth Anderson 1993, Amartya Sen 1985A, 1987, 1992.

[152] For a discussion on this, see Adam Przeworski & Michael Wallerstein 1977.

[153] For instance Philip Green 1981, G. A. Cohen 1985, Terrell Carver 1998, Larry Temkin 1993.

[154] David Schweickart stresses here the notion of *Economic Democracy*. See D. Schweickart 1993.

[155] John Rawls 1973, p. 83, to be referred to as *The difference principle*: "Social and economic inequalities are to be arranged so that they are […] to the greatest benefit of the least advantaged". (Ibid.).

Rawls' views generally are to be accepted or rejected.[156] On a critical reading, his principle could be taken as a rationalization for supply-side economic arrangements, which are supposed to benefit everyone by trickle-down effects or for some sort of welfare capitalism with ceilings on social benefits. However, the principle need not be interpreted to necessitate any of these things. If the principle expresses a presumption for equality as well as a recognition that exceptions are sometimes allowed, this places a burden on the procapitalist to demonstrate and not just assert that welfare ceilings or putative tricklings down of capitalist wealth promote equality better than would a socialist alternative. It can be said that the Rawlsian difference principle stipulates a presumption for egalitarian distribution, or a presumption for material equality. That presumption can, however, be contravened. Deviation from strict egalitarianism are justified, by this principle, whenever they work to the advantage of those who are least well-off or, to a representative member of that group or class[157] that does least well under the distribution in contention. Consider Rawls' "original position" as "the appropriate initial status quo, which insures that the fundamental agreements reached in it are fair."[158] In this state of nature, Rawls places individuals under the well-known "veil of ignorance" that removes all knowledge of individual's particular circumstances, while leaving general knowledge of society intact:

> Somehow we must nullify the effects of specific contingencies which put men at odds and tempt them to exploit social and natural circumstances to their own advantage. Now in order to do this I assume that the parties are situated behind a veil of ignorance. They do not know how the various alternatives will affect their own particular case and are obliged to evaluate principles solely on the basis of general considerations […]. It is assumed, then, that the parties do not know certain kind of particular facts. First of all, no one knows his place in society, his class position and or social status; nor does he know his fortune in the distribution of natural assets and abilities, his intelligence and strength and the like. Nor again does anyone know his conception of the good, the particulars of his rational plan of life, or even the special features of his psychology, such as aversion to risk or liability to optimism and pessimism. More than this, I assume that the parties do not know the particular circumstances of their own society. That is, they do not know its

[156] On this, see Allen Buchanan 1982, Ch. 6.

[157] Understood here as a distributional category.

[158] John Rawls 1973, p. 17.

> economic and political situation, or the level of civilization and culture it has been able to achieve.[159]

On the other hand, individuals

> [k]now the general facts about human society. They understand political affairs and the principles of economic theory; they know the basis of social organization and the laws of human psychology. Indeed, the parties are presumed to know whatever general facts affect the choice of the principles of justice.[160]

However, Rawls' view is insensitive to biases due to property relations. If we assume that the parties in the original position, set aside what we may call "subjective knowledge" (that of class, social status and abilities) leaving "objective knowledge" (that of general laws and principles) intact, there is no guarantee for a just selection of the principles of justice because the objective knowledge might as well be a product of bourgeoisie social science. It may be that the parties in the original position are "bourgeoisie social scientists" under a veil of ignorance. It might be objected that this trap is foreclosed through the "ignorance" of economic positions. Rawls may think that if economic positions are overlooked, so are property relations, since, and here we follow Marx, the only thing that separates the bourgeoisie from the proletariat is ownership of property, or more correctly, of means of production. However, if the parties understand 'the principles of economic theory', we must ask: which economic theory? Why not bourgeoisie economic reasoning? To this, Rawls may respond that since the parties are somehow rational, we avoid irrationality on behalf of economic science. However, it is important to note that e.g. large-scale exploitation, as a bourgeoisie economic phenomenon, is completely rational, though unjust. Hence a rational, exploitative economy satisfies Rawls' condition, and produces a bias, which can be grasped through a 'false' set of beliefs. If this 'false consciousness'[161] prevails under a certain mode of production, we must question whether equality of opportunities is present or not.

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[159] John Rawls 1973, p. 136f.

[160] Ibid., p. 137.

[161] Marx, *Theories of Surplus Value*. For a new and extended treatment of this phenomenon, see Michael Rosen 1996.

2.2 False Consciousness

In an often-cited passage, Marx states:

> The ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, consequently also controls the means of mental production, so that the ideas of those who lack the means of mental production are on the whole subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relations, the dominant material relations grasped as ideals; hence of the relations which make the one class the ruling one, therefore, the ideas of its dominance. The individuals composing the ruling class possess among other things consciousness, and therefore think … The division of labor, which we already saw above as one of the chief forces of history up till now, manifests itself also in the ruling class as the division of mental and material labor, so that inside this class one part appears as the thinkers of the class (its active, conceptive ideologists, who make the formation of the illusions of the class about itself their chief source of livelihood), while the others' attitude to these ideas and illusions is more passive and receptive, because they are in reality the active members of this class and have less time to make up illusions and ideas about themselves.[162]

The question is; given false consciousness, are equality of opportunities really present? In order to have an adequate public opinion, different thoughts must in a way be both materialized *and* not suppressed in any way. The line of reasoning is: False consciousness inhibits equality of opportunities and thus democracy. And, groups, classes or individuals are more likely to possess false consciousness under capitalism than under socialism. Thus, we are confronted with two possibilities:

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[162] Marx & Engels, *The German Ideology*, pp. 59-60, as cited in Jon Elster 1985, p. 470. This frequently quoted passage has entailed a vast discussion on Marx's methodological foundations, and the reliability of historical materialism. I will not pursue this issue further. For a discussion on Marx's theory of history see G. A. Cohen 1978 and Jon Elster 1985. For a discussion on Marx' functional explanations see G. A. Cohen 1978, 1980, 1982A, 1982B, Jon Elster 1985, 1980A, 1980B, 1982, 1983A, 1983B, Anthony Giddens 1982, J. E. Roemer 1982B. For a discussion on Scientific explanations in general see Jon Elster 1979, 1983A, R. K. Merton 1957, A. Stinchcombe 1968, G. A. Cohen 1978.

(1) The proletariat under capitalism possesses a 'false consciousness', i.e., it has the same judgments about the world as the ruling class. They have the possibility to participate, but this participation confirms to the ruling ideas of the economically dominant class. Hence, 'equal' participation is illusory. Socialism overcomes this problem through lesser degree of alienation.

(2) The proletariat under capitalism possesses views that differ form that of the ruling class but lacks the possibility, i.e. material necessities to express these views through participation. Hence, the public opinion is illusory. Socialism overcomes this problem by a more equal distribution of income, and, thus, the material resources necessary to express different views.

Both these aspects exclude a genuine public opinion, but it is difficult to see why (2) undermines the equal capacity to form reasoned, independent judgments. Indeed, we might say that ruling-class judgments lack well-founded reasons, but this would require an epistemological assessment of capitalism's supposed injustice. It seems that (2) falls under the notion of equality of opportunities, that is an equal opportunity to participate in decision-making processes through lack of material resources that make equal participation possible. (1) needs further elaboration, however. If there is a case for this statement, it is also a case against capitalism on behalf of democracy.

It is not difficult to argue that a worker who is unable to pursue valued life-goals due to inadequate wages and the threat of unemployment is a victim of systematic oppression. Low wages and the threat of unemployment are widespread across a capitalist society's working population. Workers subjected to this kind of 'oppression' typically have aspirations to engage in the fuller and more rewarding life activities that are technologically and culturally possible today. When such 'contingencies' are possible, oppression is unjustified, that is neither somehow deserved by workers nor necessitated because of some higher goal. The continuation of this state of affairs is neither fated, nor the fault of any other oppressed group. A worker-managed firm may easily overcome these problems.[163] Hence if capitalism is compatible with this type of arrangement, socialism is not required.[164]

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[163] See David Schweickart 1993, pp. 184-193, and especially p. 190.

[164] See Elster & Moene 1990.

A collective consciousness presupposes that class interests are objective.[165] Although, there is little consensus on what constitutes an objective interest,[166] it will not jeopardize the ontological claim that false consciousness is an actual phenomenon, at least on the individual level. Its class-level variety rests on the notion that the class-consciousness is to some degree deranged, or twisted by capitalist interest. Although 'class consciousness' is a controversial concept, presupposing that there is such a thing as "collective actors,"[167] we can make some sense to it in this passage from *The Eighteenth Brumaire*:

> The small-holding peasants form a vast mass, the members of which live in similar conditions but without entering into manifold relations with one another. Their mode of production isolates them from one another instead of bringing them into mutual intercourse. The isolation is increased by France's bad means of communication and by the poverty of the peasants. Their field of production, the smallholding, admits of no division of labor in its cultivation, no application of science and, therefore, no diversity of development, no variety of talent, no wealth of social relationships. Each individual peasant family is almost self-sufficient; it itself directly produces the major part of its consumption and thus acquires its means of life more through exchange with nature than in intercourse with society. A small-holding, a peasant and his family; alongside them another smallholding, another peasant and another family. A few score of these make up a village, and a few score of villages make up a department. In this way, the great mass of the French nation is formed by simple addition of homologous magnitudes, much as potatoes in a sack form a sack of potatoes. Insofar as millions of families live under economic conditions of existence that separate their mode of life, their interests and their culture from those of the other classes, and put them in hostile opposition to the latter, they form a class. Insofar as there is merely a local interconnection among these small land-holding peasants, and the identity of their interests beget no community, no national bond and no political organization among them, they do not form a class.[168]

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[165] For an individualistic approach to the notion of 'false consciousness', see Jon Elster 1985, pp. 345-371, Allen Buchanan 1982, pp. 88-102. However, Cohen argues, "[c]lass is formed only when the people who are thus grouped develop a consciousness of their common condition and interests." (G. A. Cohen 1978, p. 76).

[166] See Adam Przeworski 1985, Jon Elster 1979, 1983A, 1985, G. A. Cohen 1978.

[167] Jon Elster 1985, p. 344.

[168] Marx, *The Eighteenth Brumaire*, p. 187, as cited in Jon Elster 1985, p. 345-346.

So class-consciousness presupposes:

(a) Identical positions in the productive relations of society;

(b) Shared interests;

(c) High level of technological development, and, finally:

(d) Division of labor.

There is one questionable aspect to this point. To which degree is classes really conceived as a class?[169] Clearly, a class must embrace some sort of objectivity.[170] However, there is really a problem in interpreting false consciousness in terms of objective interests. It requires that we go beyond individual assessment, postulating some sort of 'collective autonomy'. When democracy is considered a matter of the degree to which people exercise effective collective self-determination, the process of overcoming false consciousness by and in practice, will expand democracy. In particular, it is the effort to extend control by workers over important aspects of their social environment. Crucial for overcoming false consciousness is identification of capitalist economic institutions and practices as the source of oppression and sufficient conviction that capitalism can be defeated. The same can be said of any group struggle against oppression. People's confidence in their abilities to take charge of their lives,[171] grows as they are increasingly successful at identifying and challenging sources of oppression. Where oppression remains,

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[169] There is an interesting 'side-effect' to this awareness in that "[c]lass consciousness often – although not always – takes the form of *solidarity*. By acting together the members of a class can obtain more than they could by acting in isolation. Hence, for instance, collective as opposed to individual wage bargaining is a sign of class consciousness." (Jon Elster 1985, p. 347). Elster defines *positive* class-consciousness as *"the ability to overcome the free-rider problem in realizing class interests.*" (Ibid.). For his game-theoretic approach to class-consciousness, see pp. 348-371.

[170] Adam Przeworski resists describing class relations as 'objective' due to his view that "classes are not prior to political and ideological practice [but] are organized and disorganized as outcomes of continuous struggle." (Adam Przeworski 1985, p. 70). His concern is to avoid an objectionably fatalistic approach, which sees people acting out rules predetermined by their class positions. Nevertheless, that classes exists and even have certain properties independently of whether or not their members believe them to exist or have the properties (that is, that classes are 'objective') does not entail that class members are fated to act only in certain, predetermined ways. This conclusion requires that the objectivist would have to hold that the objective social relations in which one stands completely determine all his or her actions. Przeworski's own description of social relations as "structures of choice given at a particular moment in history" (Ibid., p. 73) is clearly compatible with considering these relations objective.

[171] Recall what is inherent in the Marxian concept of freedom.

democracy stagnates. However, if overcoming false consciousness is seen, like group consciousness and like democracy, as a matter of degree, the question must be asked whether this suffices, either for securing group aims or for advancing democracy. That it does not suffice is indicated by the fact that short-term successes are compatible with group-thinking[172] and social obedience[173] with its self-destructive and anti-democratic consequences.

[172] On this, see Paul Hart 1990.

[173] On this, see Stanley Milgram's all embracing experimental approach in S. Milgram 1997. For a critical review, see Thomas Blass (ed.) 2000.

2.3 Criteria for Material Equalities

What makes material inequalities undemocratic? An answer to this will (given that capitalism fosters inequalities) indicate that capitalism itself is undemocratic. Of course, capitalism may be undemocratic in other respects too,[174] but here we shall place the focus on criteria for material equality.

Inequality in general is closely linked to the concept of freedom, but since I have already treated the notion of individual freedom in section 1, I will try to avoid a general elaboration of it in this section.

In a capitalist society, following Nozick's line, each individual not only is the morally rightful owner of herself/himself,[175] but they can also become, with equally strong moral right, sovereign owners of the potentially indefinitely unequal amounts of earthly recourses that can be gathered as a result of proper exercises of their own and/or other individual's self-owned personal powers.[176] This represents a general core of capitalism. It is really a matter of acquisition of private property to any extent, and this raises the first problem: Why is privatization[177] not regarded as theft? Since people create nothing ex nihilo, all external private property either is, or was made of, something that was no one's private property or publicly owned or unowned.[178] What should mount as a normative argument motivating appropriation of private property? In many conflicts regarding preoccupied territory, a common response is: "I was here first". Even in cases where this is true, how can one jump to the conclusion that this fact entails a right that the other person or groups don't have. In many cases this can only be a question of coincidence, and this is barely enough to provide a motivation for a right to exclude others. So how, if at all, can private property be legitimately formed?

Nozick's answer to that question is that we may acquire "a permanent bequeathable property right in a previously unowned thing [as long as] the position of others no longer at

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[174] As I have already discussed.

[175] For a discussion on Nozick so-called *Self-ownership* theorem, see G. A. Cohen 1990, 1995A, Philippe van Parijs 1995.

[176] See G. A. Cohen 1990, p. 115.

[177] Not sell-out, but appropriation.

[178] Ibid., p. 117.

liberty to use the thing is [not] thereby worsened."[179] This is Nozick's condition[180] for permissible initial appropriation. Thus, the condition requires

> of an appropriation of an object *O*, which was unowned and available to all, that its withdrawal from general use not make anyone's prospects worse than they would have been *had O remained in general use*. If no one's position is in any way made worse than it would have been had *O* remained unowned, then, of course, the condition is satisfied. But it is also satisfied when someone's position is in fact, in some relevant way worsened, as long as his position is in other ways sufficiently improved to counterbalance that worsening.[181]

I will ague that it is possible for people to get worse off even when Nozick's condition is satisfied.[182] Suppose that a man with profit interest, we call him Henry F., were to appropriate some unowned territory with its belonging earthly recourses. These recourses are commonly owned, and everybody have access to them. Of course, a certain amount of labor time is required for the extraction of these recourses; say eight hours per day. Now Henry F. seizes the territory with its recourses, and designs a division of labor under which he himself invests in more effective means of production, and the rest of the population (among them Jimmy H.) works the same amount of hours per day and gains the same amount of recourses for private use. Henry F. spends one hour per day on investment and takes all the extra amount of recourses resulting from these investments. Henry F. is clearly much better of in this new "mode of production", after all he has both seven extra hours per day for amusement and the excess of recourses gained. Jimmy H., on the other hand, is by no means worse off since he spend exactly the same amount of labor

[179] Robert Nozick 1974, p. 178, as cited in G. A. Cohen 1990, p. 118.

[180] Apparently, John Locke made this claim first.

[181] G. A. Cohen 1990, p. 118.

[182] The following example is derived from G. A. Cohen's "Are Freedom and Equality Compatible?" (1990, p. 119f.) His extended version is mounted as an attack on Nozick's Self-Ownership theorem, which can be stated as follows: Each person is the morally rightful owner of her own person and powers, and, consequently is free (morally speaking) to use those powers as she wishes, provided that she does not deploy them aggressively against others. She may not harm others, and she may, if necessary be forced not to harm them, but she should never be forced to help them, as people are in fact forced to help others, according to Nozick, by redistributive taxation. See G. A. Cohen 1986, p. 77.

per day under this new mode of production than before. Hence Henry F.'s appropriation is, by Nozick's condition, legitimate. He gains enormously in comparison with the state of nature, and Jimmy H. gains nothing, but does not lose anything either, so the privatization is immune to Nozickian criticism,[183] and it is also a pareto improvement. Clearly, any other individual could have done exactly the same as Henry F. did, so nothing *inter alia* motivates his entitlement. And indeed, if his appropriation turns out to be arbitrary, his entitlement would have to be jeopardized seriously. In addition, there may also be other organizations of the production relations that enhance production and even makes Henry F. better off than under his own organization. Yet even under that supposition, Henry F.'s appropriation is, for Nozick, justified. This entails that Nozick's condition licenses, and indeed protects, appropriations with upshots that make *everyone* worse off than he needs to be.[184] So a Nozickian system will actually not only produce inequalities (after all Henry F. is materially much better off than Jimmy H.), but will also provide a moral guarantee of these inequalities. One might argue that Jimmy H. actually has the freedom to leave the production relation, and is therefore responsible for his own choice. This, however, is only a formal freedom, since an exit of the relation results in no recourses gained.

In this example (which will apply to any society) there actually exists equality of opportunity. Everybody could have taken Henry F.'s place. But this does not guarantee an absence of material inequalities. Since the fate of Jimmy H. is what it is (either work for Henry F. or die), equality of opportunity will not guarantee material equality. Are there inequalities based on other circumstances than a capitalist mode of production? Indeed there are. These are inequalities that are more closely linked to non-market generated entitlements, rather than division of labor. In such systems (where power is arranged according to some societal order, or heritage), nearly everyone is excluded from decision-making power over central areas of their lives. Hence, these systems also undermine fundamental democratic principles. This, however, is implicit in all autocracies, and no argument shall be mounted to prove that this exclusion is undemocratic. I think even Nozick would agree. Here, I shall place the focus on the inequalities produced by capitalism.

In capitalist democracies like USA and Scandinavia, productive capacities are rarely owned by those who labor on them, but by a class of non-laborers, i.e. capitalists. That this fosters a

[183] G. A. Cohen 1990, p. 119.

[184] Ibid., p. 120.

division of labor cannot come as a great surprise. A consequence of the unequal distribution of means of production in this mode is, of course, a very unequal distribution of income. Workers are only able to acquire material goods through savings, that is, from unconsumed wages. In all likelihood, even if workers are able to command more than a subsistence wage, wages will be low in comparison with returns on owned assets. Direct producers and owners of capital are equally free from restraints. But, as I discussed above, this freedom is pointless or at least merely formal for those who are unable to do what they want. The ability to do what one wants depends on access to means for doing what one wants, i.e. on income. If income is high enough to provide means for realizing ends, liberty matters substantively. If income is insufficient, liberty is merely formal, as was the case for Jimmy H. in our example. Hence, in this model, where only capitalists own the means of production, the liberty of capitalists is substantive and of workers only formal. It is evident, however, that redistributive taxation is used as a means for overcoming huge differences due to income, and that this redistribution works pretty well in some countries.[185]

A natural behavior pattern for capitalist entrepreneurs is to diminish competition, because sole right to a production area will increase profit (the values are not divided between several operators). Consequently, capitalist agents will either explore areas that are unoccupied, or fusion with other companies in the same area. Indeed, this is also what happens in both USA and Scandinavia.[186] But large companies are not necessarily a direct threat to democracy as long as they co-operates with governments on decided laws regarding democratic standards, taxation, environment etc. What we do not have is a formal guarantee that these multinationals actually will. One might think that e.g. work-place democracy decreases the profit, and therefore should not be considered. Also, companies may outsource their practice to other countries in order to reduce productive costs through lower taxation, or cheaper labor, as was the case with General Motors downsizing in Flint, Michigan, where some 35 000 employees lost their jobs, resulting in a substantive increase in suicides, alcoholism and social misery.[187] But this may be avoided from

[185] This is not entirely true. In Sweden, income inequality is somehow not particularly lower after taxation than before. On this, see Sven-Olof Londin 1989.

[186] The banks or car-producers will serve as examples.

[187] Michael Moore 1989, 1997. Could this have happened if General Motors were publicly owned? Elizabeth Anderson believes the downsizing of GM was a positive social good, not an evil better corrected by keeping this bloated and wasteful corporation at its former size. She concludes that the better alternative to both what happened

the governments' side through bargaining about taxes and other beneficiaries. In order to sustain work places, governments may lower taxes for companies threatening to move. Zero-taxes for the Norwegian shipping companies may be one of the most horrible examples of capitalist rule over democratically elected governments. Indeed, as Marx stated:

> The fact that the ruling class establishes its own joint domination as public power, as the state, [Stirner] interprets and distorts in the German petty-bourgeois manner as meaning that the "state" is established a third force against this ruling class and absorbs all power in the face of it… Because the bourgeois do not allow the state to interfere in their private interests and give it only as much power as is necessary for their own safety and the maintenance of competition and because the bourgeois in general act as citizens only to the extent that their private interests demand it, [Stirner] believes that they are "nothing" in the face of the state… Further, since the bourgeois have organised the defence of their own property in the state… [Stirner] believes that "the state has the factory as property, the manufacturer holds it only in fee, as possession". In exactly the same way when a dog guard my house it "has" the house "as property", and I hold it only "in fee, as possession" from the dog. Since the concealed material conditions of private property are often bound to come into contradiction with the *juridical illusion* about private property – as seen, for example in expropriations – [Stirner] concludes that "here the otherwise concealed principle, that only the state is the property-owner whereas the individual is a feudal tenant, strikes the eye"… [Stirner] here transforms the contradictions belonging to the *existence* of private property into the *negation* of private property… [The] bourgeois, and in general all the members of civil society, are forced to constitute themselves as "we", as a juridical person, as the state, in order to safeguard their common interests and – if only because the division of labor – to delegate the collective power thus created to a few persons.[188]

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and public ownership would have been to implement programs to ease the transition of all those downsized workers into productive jobs. This could have been accomplished through mandatory generous severance packages, funded perhaps through a tax on capital gains achieved as a result of downsizing, extensive job training and subsidy of moving costs, etc. (Elizabeth Anderson, private correspondence of April 18th 2001).

[188] Marx & Engels, *The German Ideology*, pp. 355ff, as cited in Jon Elster 1985, p. 409-410.

There are several conclusions to draw from this passage, and I will be unable to address most of them here.[189] However, Marx clearly think that the state organizes the economically dominant class as a ruling class – overcoming internal divisions that would otherwise decapitate it for domination and encouraging decapitating internal divisions within subordinate classes. Of course there may exist antagonistic interests within a class that threaten to undo what historical materialism – conceived here only as a theory of historical possibility – claims is the overriding class interest: insurance of ruling class domination over subordinate classes. But as an owner of the means of production (and therefore as an employer of labor), each capitalist has an overriding class interest in the maintenance and reproduction of capitalist social relations, and therefore in the reproduction of bourgeois class domination.[190] Hence the state overcomes Prisoner's Dilemma situations.[191] On the other hand, a democratic end cannot be achieved without the widest possible mass participation in the institutions that direct society (i.e. the state). If divisions based on material inequalities are present, equal access to political practice is denied. Some will, according to Rawls, "have greater authority and wealth, and therefore greater means to achieve their aims."[192] Political participation educates; it develops moral and intellectual capacities for choice. A high level of political participation requires a high degree of actual control over institutions. For what other than popular control can sustain a high level of participation? When our choices and actions have tangible effects, we are more inclined to take responsibility for what we do than when what we do is without recognizable consequences. The greater the impact of individual's choices, the more inclined the people will be to inform themselves and to act responsibly. What promotes active citizenship, promotes responsibility. Hence, if social institutions are arranged so that there is a high degree of collective control, if they are democratized, individual responsibility will be well served. This transparency declines with the centralization of productive recourses. And, there is clearly a tendency for productive recourses to be concentrated in fewer hands as

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[189] For a discussion on Marx's different theories of the state see Jon Elster 1985. Note that Marx himself abandoned this view (that the state is a mere instrument for the economically dominant class, with no autonomy of its own) from 1850. For a discussion on the functions of the state see G. A. Cohen 1978, Jon Elster 1985.

[190] This is not to provide any functional explanations of the state, so this statement should be immune to Elsterian loop-criticism of functional explanations as elaborated in Jon Elster 1979, 1980A, 1980B, 1982, 1983A, 1983B, 1985.

[191] On this, see Jon Elster 1979, 1982, 1983A, 1983B, 1985.

[192] John Rawls 1973, p. 179.

capitalism evolves. In the United States – and the statistics do not significantly differ in Scandinavia – the top 5 percent of all families receive almost as much income as the bottom 40 percent, and the top 1 percent of all adults own more than 60 percent of the nation's corporate wealth.[193] It seems, then, that taxes do little to reduce income inequalities in these countries.[194] Inevitable inequalities, often arbitrary, are magnified and made into lethal advantages for the better-endowed competitors, for greater success brings greater access to credits, reserves against future losses, funds for research and innovation, economies of scale, and recourses for underselling and advertising. These are empirical derivations. An effect could be substantial concentration of economic resources outside public influence, and political decision-making. Hence, corporatism is hard to preserve, resulting in conflicts between economic elites and elected institutions. However, as Richard Miller points out,

> one need not be a Marxist to believe that state action generally conforms to bourgeoisie interests and that this is no accident. One might also think that processes protected or, in any case, permitted by the state can break the connection between state action and social interests[195].

Nevertheless, this can hardly be enough for denoting the state "an engine of class despotism",[196] but we have no guarantee that bourgeoisie interests generally will conform to the notion of political democracy.[197] After all, in a world, which is seemingly either globalized or globalizing, it is important to realize that these interests (i.e. the capitalist interests) are not necessarily concerned about democracy. The case of General Motors in Flint, Michigan indicated how ethical concerns was completely subordinated profit.

I am inclined to believe that most defenders of democracy acknowledge its dependence of equal distribution of power. As Joseph Femia has noted:

> If […] democracy is about equal power, and if (as Marx said) the real source of power lies in the economic domain, then *genuine* democracy emerges only when disparities of

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[193] Kai Nielsen 1991, p. 223.

[194] Ibid., p. 224.

[195] Richard W. Miller 1991, p. 69.

[196] Ibid.

[197] For another approach to this, see Jon Elster 1985, p. 473, Joseph Femia 1993, p. 60f.

> economic power has been eliminated. Political arrangements are, strictly speaking irrelevant. What counts is not *the way power is exercised*, but *who rules in the sphere of production*. Where liberal democratic procedures rest upon the concentration of property ownership, they merely confirm the wage slavery of the workers and the absolute dominion of capital. Where, on the other hand, dictatorial methods are necessary to guarantee the transfer of economic power into the hands of the masses, such methods may be called democratic.[198]

So, a commitment to private property to the means of production, although generated through democratic means, does not necessarily render an arrangement more democratic than a more socially planned economic structure if the latter generates a more equal distribution of power.

[198] Joseph Femia 1993, p. 123.

2.4 Concluding Remarks

Capitalist societies differentiate between abilities where abilities are measurable in money. One's material wealth is solely determined by one's ability to buy commodities. Hence, material equality is attainable only to the extent that people have equal access to income-generating resources. As private property to the means of production is introduced, the resulting division of labor allocates income differently according to ownership or non-ownership. Hence, capitalism has thereby a mechanism for generating material inequalities that socialism lacks. So with respect to material equality, socialism, fares better than capitalism. Capitalist societies may, however, also rely on redistributive measures to advance equality, as is the case in the Scandinavian model, and a little less in USA. Nevertheless, as argued in chapter 2.1, one would expect socialism to have less to correct for, inasmuch as the distinctively capitalist mechanism for generating material inequalities is, by definition, absent under socialism. Further, as argued in chapter 2.2, groups, classes or individuals are more likely to possess false consciousness under capitalism than under socialism, and false consciousness inhibits equality of opportunities and thus democracy. Finally, in chapter 2.3, I argued that the criteria for material equalities are more likely to be fulfilled under socialism than under capitalism.

Conclusion

The conclusion this thesis could indeed be Marx and Engels' famous sentence from the *Manifesto*: "Abolition of private property."[199] However, this would be a hopeless project, and hence of little practical interest. Although, as Joseph Femia states: "Marxism was never meant to be a mere theory *of* practice […]. It is also, and primarily, a theory *for* practice",[200] we must look at feasible solutions.

So here we are with our analysis indicating that feasible socialism fares better than capitalism with respect to freedom and equality, and hence with respect to democracy. I have argued that democracy, with its beneficial effects or ends (particularly related to famine, war and genocide relief), is best promoted and protected under a feasible socialist model as depicted by Alec Nove and others. But where does that leave us considering that the world is now more capitalist than ever, and still capitalizing?

It seems that proponents of capitalism show a remarkable reluctance to put capitalist property relations in question. They[201] seem to cut their own argument half way. Consider the "night-watchman state"[202] as depicted by Locke and his followers. It is a state that exists mainly to support the acquisition and accumulation of capital. It provides sanctions against criminal behavior (where crime is conceived largely as crime against property), enforces contracts, and generally does all and only those things – like establishing a uniform monetary system and controlling the supply of money – that make capitalist markets function well. Proponents of minimal states usually will grant that the state should provide for "public goods" like defense, but they are reluctant to include much of what others ordinarily suppose to be public goods (health care, schools, roads, means of communication) in this category. Most importantly, in the Lockean tradition, the minimal state does not transfer wealth from those who gain through market arrangements to those who lose; and still less does it proscribe the economic liberties that constitute capitalist property relations. As I have argued in section 1., the libertarian view of freedom that is used to defend capitalism, cannot deliver the freedom it promises to secure,

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[199] Marx & Engels, *Manifesto of the Communist Party*, *CW*, vol. 6, p. 498.

[200] Joseph Femia 1993, p. 92f.

[201] E.g., Nozick 1974, John Gray 1995.

[202] The term 'minimal state' is now more frequent.

thereby undermining the idea that lovers of freedom should embrace capitalism and the inequality that comes with it.

Capitalist private property is a human institution, of changeable character and transient duration. It is hardly "natural" or immutable. Nor is it supported by any sustainable normative theory of property rights. But once capitalist property relations are in question, the appeal of an a priori philosophical case for capitalism with respect to liberty collapses. Capitalism is not a science, and can never be. For once its proponents start analyzing its principles, they will find it highly contradictory and excluding on an arbitrary basis. This is typically why intellectuals are hard to find among proponents of capitalism.

More interesting in this context is: What are the feasible alternatives? That

> [a]ll social values – liberty and opportunity, income and wealth, and the bases of self-respect – are to be distributed equally unless an equal distribution of any, or all of these values is to everyone's advantage[203]

requires that there are public controlled values to be distributed. It should be noted that Rawls is here speaking of values, not goods. But I interpret this as being an instrument of material equality; otherwise it would only be a formality. As argued in section 2., it is really hard to redistribute goods that are already in private hands. Although efforts have been made to make multinationals take a social and moral responsibility,[204] they only do under the presumption that a corporate strategy will generate more profit.

Rights related to personal freedoms have been invoked in the liberal tradition for years. This may serve as a starting point for directing policies toward socialism. Consider Robert Nozick's famous opening lines in his *Anarchy State and Utopia*:

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[203] John Rawls 1973, p. 62.

[204] This phenomenon as proposed by the "World Business Council for Sustainable Development" is named Corporate Social Responsibility, or CSR for short. As Richard Holme and Phil Watts sate in their newly produced report "CSR: Making good business sense": "Our basic message is very simple. Business is not divorced from the rest of society. Business and society are interdependent and we must ensure, through mutual understanding and responsible behavior, that the role of business in building a better future is recognized and encouraged." (R. Holme & P. Watts 2000, p. 2.) For a treatment of these issues, see even World Business Council for Sustainable Development's home page at www.wbcsd.org .

> Individuals have rights, and there are things no person or group may do to them (without violating their rights). So strong and far-reaching are these rights that they raise the question of what, if anything, the state and its officials may do. How much room do individual rights leave for the state?[205]

Although Nozick ignores that his rights also must cover the social and economic rights, not merely the right to acquire property, his notion may contribute to a possible liberal emphasis on rights conceived of as an instrument for socialist goals. Today, even liberal political parties seem to consider human rights, although severely misunderstood. Nevertheless, this focus is valuable. Consider the right to acquire private property. As argued earlier, even though this right may be seen as a freedom with some intrinsic values, we must also consider the consequences of this right in making moral judgments about it. Even if we do accept that property rights may have some intrinsic values, this does not in any way amount to an overall justification of property rights, since property rights may have consequences which themselves requires assessment. Indeed, the causation of hunger (as a present threat to mankind) as well as its prevention (regarded as an end in itself) may materially depend on how property rights are structured.[206] If a set of property rights leads, say, to starvation, as it well might, then the moral approval of these rights would certainly be compromised severely. And, we may also classify rights according to what kind of welfare they promote. If a right prevent a class or a group from participating with equal rights, it must be rejected on moral grounds. This is not a controversial argument. It is an argument that should be supported by lovers of liberalism because they are concerned with human rights, even though their definition of human rights is too narrow.

The next step is to identify instances of good political practice. As stated in the preface there is always a problem limiting political conduct. What should contemporary policy concern? What is political matters and what is not? Clearly the preservation and development of democracy should be a political matter. Because democracy comes with a guarantee that prevents people from dying whether from war, famine, or genocide, even liberal advocates should aim at a democratic end. On the other hand, if privatization is continuing with today's speed, there would certainly be little left for political decision-making in the future. The outcome of this process is

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[205] Robert Nozick 1974, p. ix.

[206] On this, see Amartya Sen 1981, 1982, 1983, 1984, 1987, 1988, 1999, A. Sen & J. Dreze 1989, 1995.

curious, because is there any reason to believe that an unregulated market are concerned with other values than the maximization of profit? Although other values may exist in some markets or within some enterprises, these other values can never transcend the profit motive. In a world where the great majority is driven by self-interest, it is necessary to have political means that co-ordinate everyone's interest. This can only be achieved through a well-functioning political democracy where no one has more power than others, and exercise this power in a self-oriented manner (worst case) or in a manner that governs society as a whole (best case). Again, standard game theory applies.

So, what have I accomplished with this thesis? Who cares about 'real freedom' and equality as long as we 'have the right' to watch soap operas,[207] buy BMW's, and read tabloids? A transition to socialism would clearly be too ambitious. So would perhaps larger property taxes. However, if there is at least one person who read this thesis and stops asking herself: Is capitalism the only feasible social and political arrangement?; I am satisfied. Life goes on. People continue to watch soap operas, buy BMW's, and read tabloids. Nothing has happened with the 'new' economic order, except for one more skeptic. These days, that could very well be enough.

[207] As Alec Nove strikingly anticipated some ten years ago. See A. Nove 1983.

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