

# Property Owning Democracy, Socialism and Justice: Rawlsian and Marxist Perspectives on the Content of Social Justice

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## Abstract

The dissertation addresses the relation between contemporary socialism and contemporary liberalism. It inquires into whether the Rawlsian politico-economic system denominated property-owning democracy can rebut the Marxist challenge and answers the question in the positive. Liberal egalitarianism, especially in its Rawlsian form, has come to dominate political theory and is broadly shared among its practitioners. Since the collapse of analytical Marxism, no major challenge from the left has been posed to the liberal dominance. This thesis aims for a revival of the main ideas of analytical Marxism and draws inspiration from them to construct a critique of the latest work in the field of Rawlsian political theory. The politico-economic regime called property-owning democracy is scrutinized and eventually defended from the Marxist critique.

The first two chapters of the dissertation are dedicated to an analysis of the Marxist opus. The aim of the first chapter is to defend a non-relativistic reading of the relationship between Marx and justice. The main focus of the chapter is Marx's *The German Ideology*, but other quotes bearing on his view of justice are also mobilized. The chapter concludes by arguing for an account according to which morality and justice are, for Marx, both historically dependent and valid at any particular time. The second chapter defends a left-libertarian reading of Marx's works, according to which his main tenets are interpreted as a limited form of self-ownership coupled with joint world ownership. A democratic form of socialism is presented as the institutional structure embodying the principles.

The third chapter analyzes the politico-economic arrangement known as property-owning democracy. It argues that it is a system built around a fair market, populated by both hierarchical and cooperative firms. Moreover, it also maintains that Rawls's choice for a property-owning democracy over the welfare state is based on a proper interpretation of all his principles. Finally, the chapter rejects the claim that the property-owning democracy could be understood as a system of democratic coordination, both at the level of the firm and at the level of the economy. Alternatively, a reformed market system is the preferred Rawlsian solution.

The fourth and final chapter brings together these strands and compares Marx's democratic socialism with the property-owning democracy. Five socialist objections are constructed and the Rawlsian framework is held against them. The conclusion is that most of these objections can be rebutted and that the liberal framework can offer proper replies to the socialist challenge.

The thesis brings three novelties to the literature. It elaborates self-ownership centered theory Marxist theory of justice and defends it from challenges. The thesis refines the ideal of the property-owning democracy and distinguishes it from other capital distribution proposals. Thirdly, it puts these two ideals together for the first full-blown comparison of socialism and the new strands of liberalism.

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## Introduction

Among the many challenges liberalism faced throughout its history, one of the most important has been that brought by socialism in both its revolutionary and its democratic incarnations. However, in recent years, left-wing philosophers have moved in two major directions. Either they have come to challenge liberalism from a radically morally relativist position or they have come to accept its main tenets.<sup>1</sup> The school of Analytical Marxism has been the last major attempt to construct a socialist criticism of liberalism while addressing liberalism on its own terms. As will become obvious in the first two chapters of the thesis, serious contradictions in the tenets of Karl Marx have led to this school's collapse and the reorientation of its adherents.

While a meaningful philosophical project for socialism has collapsed, liberalism (in its “high” rather than its “classical” incarnation) has come to apparently occupy the space. In 1971, when John Rawls’ *A Theory of Justice* was published, it could be seen to represent an argument for an improved welfare state. However, when Rawls’ notes were published in *Justice as Fairness* and *Lectures on the History of Political Philosophy* it became obvious that his liberal paradigm proposed radical changes in the political-economic system that we know. He rejected the welfare state and offered property owning democracy (POD—a concept borrowed from James Meade) and liberal socialism as two systems which satisfy the principles of justice. The contemporary debates on the issue have only furthered the idea that high liberalism also proposes radical modifications to the current political-economic organization.

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<sup>1</sup> Perry Anderson, *Considerations on Western Marxism* (London, New York: New Left Books, 1976; Verso 1994)



This project represents an attempt to investigate whether socialism can still provide the resources for a meaningful critique of the contemporary liberal paradigm. Firstly, it aims to separate the two traditions and to argue against their combination. Two such attempts, those of Rodney Peffer and Jeffrey Reiman, are rejected within the space of this thesis. Secondly, the thesis looks to see what critiques of liberalism socialism can offer. The final aim is to investigate whether liberalism in its “high” variant and furnished with the POD can reply to these criticisms. The main question this project aims to answer is *Does the argument for the property owning democracy offer an adequate reply to Marxist criticisms of the Rawlsian framework?* Ultimately, the answer to the question is positive.

To achieve this goal, the project must first offer a meaningful interpretation of the normative tenets of socialism and to expose property owning democracy to their criticism. This first part, a research project unto itself, is done in the first two chapters. These construct a non-relativist socialist theory of justice centered on a concept of limited self-ownership. The way these two chapters work is to analyze the primary texts of Karl Marx through the lens of the school of analytical Marxism. To achieve this, a large volume of literature had to be covered: both the major works of Karl Marx and the debates provoked in the 1980s on the interpretation of several of his key concepts.

In the first chapter, the thesis offers an argument for the claim that Marx’s works can be read as a normative condemnation of capitalism. The literature on this very question can be arrayed across a continuum of answers. At one extreme, the “Tucker-Wood thesis” claims that Marx is a radical moral relativist and that his condemnation of capitalism stems from its failure to deliver some non-moral goods. As its name suggests, this claim is made by philosophers Robert C. Tucker and Allan Wood. Middle ground theories of the relationship between Marx and

justice are offered by Allen Buchanan, Steven Lukes, George Brenkert and Kai Nielsen. These argue that Marx criticizes capitalism only or also from within its own conception of justice but that he offers none himself. At the other end of the continuum, G.A. Cohen, Jon Elster and Norman Geras show that Marx is (also) a moral philosopher and that his normative criticism of capitalism comes from a well-established, well-grounded, transhistorical theory of justice.

The chapter, through an analysis of the original passages in Marx's works, offers an interpretation of the relationship between Marx and justice, which is at the same time both non-relativistic and takes into account Marx's theories of history and ideology. The main textual basis for this chapter is Marx's work *The German Ideology*, but other textual references are also alluded to. The chapter rejects the claims of both those who interpret Marx as a moral relativist and of those who see him as arguing from a timeless, transhistorical theory of justice.

Alternatively, it expands and defends an account offered by Janos Kis and Gyorgy Bence in an unpublished manuscript. This account argues that for Marx morality is indeed dependent on the economic structure of a particular society at a particular time. However, there is such a thing as a "true" morality. This emerges with the appearance of the proletariat in late capitalism. "True" morality is nothing else but the morality of the proletariat. However, when conditions for the implementation of proletarian morality as social policy indeed come about, with the communist revolution, a society of full abundance appears and justice is no longer necessary. Yet, this does not make proletarian justice less than the true theory of justice.

The second chapter elaborates the Marxian conception of justice. It argues a limited form of self-ownership is at the center of this conception. The chapter presents the main tenets of Marx's works, starting with its lynchpin, the labor theory of value. Then, the theories of exploitation, alienation, and deserved and undeserved profit are discussed. Further, three main

normative premises are derived from the basic texts: limited self-ownership, joint world-ownership and maximum permissible inequalities. A section outlining other Marxian theories of justice briefly touches on the theories which attempt to mix socialist ambitions with Rawlsian tenets (Rodney Peffer and Jeffrey Reiman). The centerpiece of the chapter is represented by the sections where the self-ownership Marxian theory of justice is defended against its main rivals. These competitors include: the force-based conception of exploitation (Reiman and Peffer), the distributional conception (Roemer), the needs principle (Geras) and the luck egalitarian Marxian theory of justice (Paul Warren and Janos Kis). Further, institutional proposals compatible with this theory are proposed. It is argued that collective equal control best represents an instantiation of the self-ownership theory of justice. Furthermore, a democratic socialism based on common ownership of forms of production and direct democracy in a federation of producers' cooperatives is the preferred socialist institution.

Throughout the two chapters, a rational reconstruction of the Marxian opus is attempted. Several ways of working with the complications deriving out of Marx's works are discussed. The main problem seen by most authors is that Marx believes in a hopeless utopia. According to even the most charitable interpretation of his works, his views on communism are wholly reliant on the idea that full abundance and a complete satisfaction of the limited human needs is possible. Thus, while Marx morally condemns capitalism, his conception of an ideal society is beyond the circumstances of justice. Therefore, this thesis works with the assumption that a moral reading of Marx is possible but that any theory of justice formulated is nothing else but an interpretation of the original texts. While Marx's theory of justice is unavailable, a Marxist theory of justice is possible. Yet, another methodology is discounted: the mix of Marxian elements with other the tenets of other philosophers. What the current project proposes is not an independent theory of

justice to be defended against rival theories of justice but a coherent Marxist theory of justice to be squared against other interpretations.

Before proceeding, a note has to be made on the methodology of textual interpretation regarding the works of Marx. Theories of justice concern abstract principles, but also institutional proposals which satisfy these principles. While a theory of justice offers a single, coherent, set of principles, it can be furnished with more than one institution to satisfy those principles. Of course, these institutions are subject to the constraint of feasibility, both in abstract (satisfying the general laws of political sociology) and in particular conditions (a society with more individualistic values might prefer POD over liberal socialism). In the case of Rawls' principles of justice, they can be fulfilled by both liberal socialism and property-owning democracy. However, Marx's case is somewhat different. As he did not aim to be a political philosopher but a political economist and did political philosophy *malgré lui*, he does not make any pronouncements on principles of justice. Marx's only institutional proposal is communism, a radically unfeasible suggestion. Thus, analyzing Marx's texts, one has to think about offering a Marxian theory of justice which does not translate into abstract principles merely a normative underpinning of communism. The principles must also take into account the feasibility constraint on institutions and this is particularly important for the case of Marx.

The third chapter reconstructs the ideal of property-owning democracy. In this chapter, several points are touched upon. The chapter argues that the Rawlsian argument for the POD does not rest only on the difference principle and that a POD program differs radically from one relying on basic income or basic capital. An understanding of the POD as a mixed system, in which firms owned and managed by one person and cooperatives compete against one another, is defended. This part of the project first discusses the historical debates between Rawlsians and

socialists and then moves on to contemporary authors on the topic. The first works emerged in the 1980s when Rawls was accused of supporting only a mild form of welfare state. A wave of literature defended Rawls and began the first elaboration of the outlines of a property-owning democracy. Further, the current works in the discussion on the POD are touched upon. The main textual basis of the discussions on the POD is the anthology *Property-Owning Democracy: Rawls and Beyond*, edited by Martin O'Neill and Thad Williamson.

The fourth and final chapter brings together these two paradigms: the democratic socialism outlined in the first two chapters and the Rawlsian property owning democracy. It argues that the POD ideal can survive most of the socialist criticism presented against it. First, the chapter offers a point-by-point comparison of the two ideal societies. The economic and political institutions of both are compared. Democratic socialism is different from the POD in its lack of judicial review, in its direct-democratic features (short and imperative mandates), in the absence of private property in productive resources and in its democratic governance of the economy.

The crux of the chapter and indeed of the whole thesis is the last section, where five objections derived from the Marxian works are constructed. Four of them are related directly to Rawls' comments in *Lectures on the History of Political Philosophy*. The negative rights objection argues (after discarding its utopian reading) that negative rights fail to be protected in a liberal POD. This objection is seen as a failure because democratic socialism will also need to protect negative rights in a rather similar way. The political rights objection is the only one fully upheld by the thesis. It argues that equality of impact in politics is a preferable value to liberal political equality even considering that political rights are protected at their fair value. The self-realization in private activities objection due to poverty is another radically unsuccessful objection and might be useful only against XIXth century capitalism. The self-realization at work

objection is the fourth one to be discussed. It concerns state neutrality over choices between meaningful and meaningless work in a liberal society. While the Marxian objection to work in liberalism indeed points to something important, a POD and especially a liberal socialist regime (the other Rawlsian just institutional framework) can accommodate the problem. Finally, the market objection (that the market mechanisms which a POD uses embody wrong moral values) is rejected. It is argued that the values of fairness and reciprocity are embedded in the design of the market in a POD even if not in its operations. All in all, the “high” liberal framework succeeds in defending itself from its socialist challengers.

A point of clarification has to be made at the current junction. It might appear that the thesis is constructing a Marxian theory of justice to be used against a particular institutional proposal from Rawls’ wider opus. The unit of analysis has to be clearly specified. The project builds a Marxian theory of justice around left-libertarian principles and squares them against Rawls’ principles. However, this is not the main aim of the work and is only briefly covered. The main comparisons are made between the institutional proposals: democratic socialism on the Marxian side and property owning democracy (and sometimes liberal socialism) on the Rawlsian side. Thus, it has to be remembered that principles are to be squared against principles and institutions against institutions.

The contribution which the thesis brings is threefold. Firstly, it offers a new defense of a certain interpretation of a Marxian theory of justice. It elaborates a Rawlsian-Cohenian self-ownership centered theory, referring it to the primary texts, and defends it from challenges. Secondly, it refines the ideal of the property-owning democracy and distinguishes it from other capital distribution proposals. Further it offers arguments related to the normative bases of the

POD. Finally, it puts these two ideals together for the first full-blown comparison of socialism and the new variants of liberalism.

## Chapter 1: Marx, Justice and Ideology

### 1.1. Introduction

When trying to answer the question of whether Marx's works can be read as a theory of justice, authors were divided in two camps. On the one hand several claimed that Marx offered a moral condemnation of capitalism, that he believed that communism, the society which would come after capitalism, would actually be a more just society. On the other hand, a few others claimed that Marx's writings say nothing about justice: they are merely an attempt at the analysis of capitalism and its workings, offering some explanation and wrong predictions. Most famously, Allen Wood claims that exploitation is not a moral category and that it is not unjust. He maintains that a society might be "fundamentally just while, nevertheless being pervasively exploitative"<sup>2</sup>

This chapter has several aims: 1. to attack the "anti-justice" interpretation of the theory of ideology, a central pillar in the argument of those who proffer that Marx does not have a theory of justice and 2. to offer an alternative reading to other seemingly "anti-justice" passages.

According to Norman Geras, there are two ways to read Marx: as a moral relativist or as a moral realist. Those committed to the first view maintain that Marx believed that there is no universal moral standard by which we can judge individual actions or social relations. Their strongest argument is given by interpreting *The German Ideology*. Several passages are quoted to offer a textual base for Marx's supposed moral relativism. The second possible reading of Marx described by Geras is that of a moral realist. This means that Marx did indeed believe that morality is determined by the economic structure in which individuals are immersed, but that this

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<sup>2</sup> Allen Wood, "Exploitation", *Social Philosophy and Policy* 12 (2):136--158



does not commit Marx to denying that universal, transhistorical morality exists. It only shows Marx's confusion. This chapter begins by arguing for the second interpretation. Moreover, it seeks to do so by a thorough analysis of *The German Ideology*. This work has been chosen due to its crucial importance for those who deny that Marx had a theory of justice. As Norman Geras asserts, their main interpretive fallacy is that they take the theory of ideology to be true and interpret all the rest of Marx' works accordingly. Geras himself denies that the theory of ideology is a morally relativist one but does not provide a detailed argument for it. If one can read the theory of ideology as a morally realist one, this sweeps away one of the strongest arguments of those who see Marx as a moral relativist.

There are two ways of possibly understanding Marx as a moral realist. The first is that offered by Norman Geras while the second is supported by Janos Kis. According to the first, Marx believed that all moral statements are dependent on the economic conditions in which they are formulated, except his own. On this view, Marx is an inconsistent writer: he proffers to present an explanatory principle, showing that morality is dependent on the economic structure, but also offers a moral standard which he uses to condemn capitalism. On this view, Marx morally condemns capitalism, but does not realize he is doing so. This exposes Marx to the paradox presented by Isaiah Berlin of being asked whether his own moral standard is nothing else but the expression of his own position in the structure of class relations. While making Marx appear as an inconsistent writer, this does not commit him to being a moral relativist. The second interpretation of moral realism is more complex, but resolves this inconsistency. While moral standards are indeed dependent on economic structures, both evolve through time. Kis claims that according to Marx, communism would represent the historical period in which the specific moral standards created by the economic structure as well as individual interest are congruent

with those of general, universal morality.<sup>3</sup> This paper seeks to present both accounts, to delineate the main differences between them and to defend the second. An interpretation of Marx's conceptions of morality and justice is useful in order to explain the controversy present in the literature. After the rejection of the relativist interpretation of the theory of ideology, this chapter will also analyze other quotations in which Marx is said to be speaking against justice. It will be shown that major misinterpretation and misquotations have been used to impute an anti-justice interpretation to the texts.

## ***1.2. Literature review***

Robert C. Tucker's thesis begins from a rather uncomplicated and simple statement: that Marx criticizes the term "justice" and from this we can infer that he has no moral theory for condemning capitalism. Tucker admits that the thesis of those who impute a moral theory to Marx shows a "superficial plausibility". But, Tucker denies that this is the case and merely points out to several passages, especially in *Capital* where Marx denies a transhistorical value to justice. He affirms that there is "a cascade of explicit negative testimony from the pens of both Marx and Engels."<sup>4</sup> Tucker points to the following controversial passage in *Capital*:

*'It is true that the daily maintenance of the labour power costs only half a day's labour, and that nevertheless the labour power can work for an entire working day, with the result that the value which its use creates during a working day is twice the value of a day's labour power. So much the better for the purchaser, but it is nowise an injustice (Unrecht) to the seller.'*<sup>5</sup>

Finally, Tucker refers to several other passages in the *Critique of the Gotha Programme* and in *Marginal Notes on Wagner* in which Marx ridicules talk about justice. Later in the book, Tucker explains why he believes that "the ideal of distributive justice is a complete stranger in

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<sup>3</sup> Janos Kis, personal communication

<sup>4</sup> Robert C. Tucker, *Philosophy and myth in Karl Marx*, (New York : Cambridge University Press, c1961), 19

<sup>5</sup> Karl Marx, *Capital* volume 1, quoted in Tucker *Philosophy and myth in Karl Marx*

the mental universe of Marxism”<sup>6</sup> by showing that Marx believed that there is no way in which the competing claims of labor and capital can be balanced. Tucker interprets Marx as claiming that labor and capital represent man’s division against himself and that no balance can be struck between the two parts of the same human being. Tucker argues that Marx aimed to abolish this separation within man by abolishing the separation between labor and capital.<sup>7</sup> In other words, Tucker would claim that Marx believes that in communism harmony inside man and between humans’ interests would reign.

The second author to focus on the topic of Marx and justice and to conclude that Marx cannot be interpreted as a theorist of justice has been Allen Wood. The main thrust of the argument is that, in Marx’s view, transhistorical justice does not exist. Wood believes that Marx understood exploitation and alienation as merely descriptive concepts, used to explain how capitalism works, but not to condemn it. Wood claims that Marx saw justice a dependent on the historical period in which one lives and on the mode of production under which one works: there are feudal conceptions of justice, slavery-based conceptions of justice and capitalist conceptions of justice. According to the capitalist conception of justice, Wood avers, the labor contract is an un-coerced transaction between two individuals. The capitalist conception of justice does not look at the background conditions under which such a contract is undertaken, but rather focuses on it as the direct expression of individual will.<sup>8</sup>

Wood begins his argumentation by giving a general view on how he understands the relationship between Marx and justice. On the one hand, Wood claims that Marx was not a relativist, who believed that justice is only “justice for somebody”. Rather, Wood understands

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<sup>6</sup> Robert C. Tucker, *Philosophy and myth in Karl Marx*, 20

<sup>7</sup> Robert C. Tucker, *Philosophy and myth in Karl Marx*, 223

<sup>8</sup> Allen Wood, *Karl Marx* (New York: Routledge, 2004), Allen W. Wood, “Marx on Right and Justice: A Reply to Husami”, *Philosophy & Public Affairs*, Vol. 8, No. 3 (Spring, 1979), pp. 267-295.

Marx differently. He described Marx as saying that a relationship or transaction really is just if it is just under the current mode of production. The justice of a transaction under any mode of production can be assessed, in Wood's interpretation of Marx, by looking to whether this transaction "'corresponds' or is 'adequate' to the mode of production [...]harmonizes with and performs a function relative to it. An unjust transaction, by contrast, is one which 'contradicts' the prevailing mode, which clashes with it or is dysfunctional relative to it."'<sup>9</sup> For example, the slavery and serfdom relationships truly are just under their respective modes of production. Moreover, this thinking leads Wood to saying: "Given Marx's concept of justice, capital's exploitation of the worker is just."<sup>10</sup>

Another argument of Wood's attempts to explain away Marx's descriptions of capitalism as a system which fundamentally stunts human beings by keeping them in poverty and not allowing them to develop their creative powers. He argues that, indeed, Marx criticizes capitalism for generating wide-spread poverty and alienation. However, Wood claims that absence of poverty and human self-realization are nonmoral goods. In other words, Wood understands Marx as saying that the loss of creative powers and the absence of a decent standard of life are regrettable but not unjust. Moreover, Wood believes that communism would be a better society because it would provide more of these nonmoral goods, rather than a more just society: "But Marx never claims that these goods ought to be provided to people because they have a *right* to them, or because *justice* (or some other moral norm) demands it"<sup>11</sup> Also, Wood seems to claim that Marx would see communism as a society which does not need justice,

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<sup>9</sup> Wood, *Karl Marx*, 133

<sup>10</sup> Wood, *Karl Marx*, 138

<sup>11</sup> Wood, *Karl Marx*, 138

because the circumstances of justice do not exist and the existence of conflicting interests has been abolished:

*Marx sought, he says, not a balance between interests but a harmony of interests. Thus, according to Tucker, Marx rejected the view that capitalism is unjust because "justice" and similar notions connote "a rightful balance in a situation where two or more parties or principles conflict." Marx believed, however, that the antagonism between capital and labor should not be compromised or turned into a harmony, but rather abolished through the revolutionary destruction of capital as a social force.*<sup>12</sup>

Allen Buchanan is a powerful critic of Wood as he attacks the latter for claiming that Marx would not say exploitation is unjust. However, Buchanan offers a middle ground theory: he denies that Marx offers a moral criticism of capitalism from a transhistorical conception of justice. Buchanan interprets Marx as offering only an internal criticism of capitalism: what Marx is arguing is that the distribution in capitalism is unjust according to the very concepts of justice capitalism has. Moreover, Buchanan asserts without much consideration that Marx believed in a communist society of full abundance, beyond the circumstances of justice (both subjective and objective-see below). Finally, Buchanan claims that Marx does offer an external criticism, from a transhistorical perspective, but it is directed only against the political conception of representative democracy and human rights. Buchanan mostly relies on Marx's work *On the Jewish Question* to assert that his criticism is also made from the perspective of a society which does not need rights anymore.<sup>13</sup>

An internal criticism of capitalism would mean that Marx could be interpreted as claiming that capitalism is hypocritical, but that it is not unjust transhistorically. According to

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<sup>12</sup> Allen W. Wood, "The Marxian Critique of Justice" *Philosophy & Public Affairs*, Vol. 1, No. 3 (Spring, 1972), pp. 244-282, 272.

<sup>13</sup> Allen E. Buchanan, *Marx and justice : the radical critique of liberalism*, Totowa, N.J. : Rowman & Littlefield, 1982, pp 51-61 and Allen Buchanan, "Exploitation, Alienation, and Injustice" *Canadian Journal of Philosophy*, Vol. 9, No. 1 (Mar., 1979), pp. 121-139

this understanding, the labor relation, as it is carried out in the market, is indeed a mere semblance of freedom and equivalent exchange. But, under standards of justice prevalent under capitalism, one can see through the mere appearance and understand the injustice which goes on in the sphere of production. Capitalism itself is based on principles of justice of freedom and equality, but it fails to fully realize them. On the other hand, an external criticism of capitalism is done from a transhistorical conception of justice, valid universally.

To make Buchanan's and Steven Lukes' theory (below) more understandable, another concept should be explained at this point. They both assert that Marx believes that communism would be a society beyond the circumstances of justice. This concept was introduced by John Rawls in *A Theory of Justice*.<sup>14</sup> Rawls follows Hume's descriptions of the conditions of cooperation. According to Rawls, the circumstances of justice are the "the normal conditions under which human cooperation is both possible and necessary."<sup>15</sup> They are divided in two types: objective and subjective. Objective circumstances are those which pertain to the natural world: roughly equal physical powers of individuals and a moderate scarcity of resources. Subjective circumstances concern the human psyche: human beings have similar general interests but are also characterized by individuality. They form their own plans of life and put forward conflicting claims. Rawls concludes by saying that "circumstances of justice obtain whenever persons put forward conflicting claims to the division of social advantages under conditions of moderate scarcity"<sup>16</sup>

Another middle ground theory between the Wood and Tucker thesis and the claim that Marx fully supports a theory of justice is offered by George Brenkert. Initially, Brenkert denied

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<sup>14</sup> John Rawls, *A Theory of Justice*, revised edition (Cambridge, Massachusetts: Belknap Press, 1999), pp 109-110

<sup>15</sup> Rawls, *A Theory of Justice*, 109

<sup>16</sup> Rawls, *A Theory of Justice*, 110

the existence of transhistorical morality in Marx, claiming that in socialism people would have more control over themselves and external nature and would be freer. But, he argued that this is not a moral comparison, but merely a descriptive one.<sup>17</sup> However, just two years later, Brenkert changes his views and argues that Marx condemns capitalism from a moral perspective, but not based on any principle of justice. According to Brenkert, “Marx's views on ideology do seem to prohibit such a stance”.<sup>18</sup> Brenkert argues that Marx condemns capitalism on the principle of freedom, which is not realized in capitalism.<sup>19</sup>

Steven Lukes offers also a complex theory, one even more developed than Buchanan and Brenkert. According to Lukes, Marx’s “view of capitalism and justice was both internally complex and hierarchically organized”<sup>20</sup> Lukes offers the following theory: Marx believed that from the perspective of juridical norms prevalent under capitalism, the labor contract is just, but from the point of view of capitalist/bourgeois moral norms it is unjust. Moreover, capitalism itself is unjust from the point of view of communism’s lower phase, which relies on the contribution principle (to each according to his labor contribution). Finally, the higher phase of communism would be a society beyond the circumstances of justice (both subjective and objective), and from its point of view, capitalism is neither just nor unjust.<sup>21</sup> Thus, according to Lukes, “Marx offers a multi-perspectival analysis in which capitalism’s self-justifications are portrayed, undermined from within, and criticized from without and then, both justification and criticism are in turn criticized from a standpoint that is held to be beyond justice.”<sup>22</sup>

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<sup>17</sup> George G. Brenkert, “Marx, Engels, and the Relativity of Morals”, *Studies in Soviet Thought*, Vol. 17, No. 3 (Oct., 1977), pp. 201-224

<sup>18</sup> George G. Brenkert, *Freedom and Private Property in Marx*, *Philosophy & Public Affairs*, Vol. 8, No. 2 (Winter, 1979), pp. 122-147

<sup>19</sup> Brenkert, *Freedom and Private Property in Marx*, 147

<sup>20</sup> Steven Lukes, *Marxism and Morality*, (Oxford : Oxford University Press, c1985), 58

<sup>21</sup> Lukes, *Marxism and Morality*, 58.

<sup>22</sup> Lukes, *Marxism and Morality*, 59

Lukes then goes further to comment on Marx's relation to rights as expressed in *On The Jewish Question*. Lukes suggests that Marx denounced rights as an expression of bourgeois thought and as required only for egoistic, atomized individuals. Lukes, similarly to Buchanan, interprets Marx as claiming that communism would be a society beyond rights, due to the extinction of human egoism. According to this interpretation, Marx claims that rights are not necessary in communism because there is no conflict of interest among individuals and individuals and the community.<sup>23</sup> Lukes seems to interpret Marx as saying that in communism conflicting interests (the subjective circumstances of justice) would disappear.<sup>24</sup> Finally, Lukes elaborates on the concept of freedom in Marx. By pointing out to Marx' criticism of liberalism, Lukes argues that Marx rejects the liberal understanding of freedom as absence of constraint as too narrow. He maintains that Marx would support an understanding of freedom as absence from alienation, the presence of free time and the full realization of the human being. Moreover, according to Lukes, Marx is ambiguous about what would be distributed in communism: opportunities for self-realization or actual (maybe even coerced) self-realization.<sup>25</sup>

Kai Nielsen offers what seems to be a skeptical view, but one which coheres more with the critics of Wood. Firstly, he argues that the debates between socialists and liberals are about social explanation, social policy and what is truly ideology and mystification. He maintains that in this discussion, moral philosophy plays, at best a secondary role. According to this interpretation, Marx was mainly a political economist who analyzed capitalism and a philosophical anthropologist who described the human nature and the formation and role of ideology. Nielsen initially asserts that Marx might have had moral views and that Wood has not

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<sup>23</sup> Lukes, *Marxism and Morality*, 62.

<sup>24</sup> Lukes, *Marxism and Morality*, 97.

<sup>25</sup> Lukes, *Marxism and Morality*, 90.



conclusively proven he does not. According to Nielsen the Marxist texts are inconclusive. However, Nielsen asserts, whether Marx had moral beliefs is irrelevant for his main thrust.<sup>26</sup> In another article Nielsen belabors the same point when discussing the class interest thesis. He affirms that Marxists believe that they should take the proletarian standpoint and further the interests of the proletariat. According to Nielsen, though, this is by no means necessarily in contradiction with doing what is universally or “disinterestedly good” or with believing that what is good is good universally and transhistorically. On the contrary, given that the proletarians form the majority of humanity; proletarian interest might actually concur with universal transhistorical morality.<sup>27</sup>

However, although he describes the whole discussion as a “tempest in a teapot”, Nielsen agrees with Husami<sup>28</sup> (an early supporter of the thesis that Marx condemns capitalism from the point of view of justice) on the interpretation of key texts. Firstly, Nielsen accurately points out to the possible linguistic confusion which might be the source of disagreement. He shows that that Marx presents a bleak and strongly emotional picture of human beings in capitalism as alienated, frustrated and poor, while at the same time disparaging discussions about justice. Nielsen argues that, from such descriptions, we can infer that Marx morally condemned capitalism but that his understanding of the term “justice” was much narrower. On today’s meaning of the term “justice”, Marx could be said to criticize capitalism as unjust. Furthermore,

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<sup>26</sup> Kai Nielsen, “On the Poverty of Moral Philosophy: Running a Bit with the Tucker-Wood Thesis” *Studies in Soviet Thought*, Vol. 33, No. 2 (Feb., 1987), pp. 147-164

<sup>27</sup> Kai Nielsen, “Arguing about Justice: Marxist Immoralism and Marxist Moralism” *Philosophy & Public Affairs*, Vol. 17, No. 3 (Summer, 1988), pp. 212-234

<sup>28</sup> Ziyad I. Husami, “Marx on Distributive Justice”, *Philosophy & Public Affairs*, Vol. 8, No. 1 (Autumn, 1978), pp. 27-64

if Marx and Engels were to be moral relativists, Nielsen argues, they “were just emoting when they made normative remarks and that they knew they were doing so”<sup>29</sup>

Nielsen also conceives of the possibility that there is indeed a substantive disagreement between Wood and Husami: that Marx condemned capitalism as alienating and exploitative, but not as unjust. Nielsen criticizes Wood implicitly for taking the theory of ideology as fixed (as Geras also-see below-maintains) and interpreting everything else in the light of that theory. By an analysis of the *Critique of the Gotha Programme*, Nielsen shows that Husami’s interpretation is more coherent with the texts. Nielsen argues that when Marx condemned the Lasalleans for demanding a just wage and stated that talk of justice is “verbal rubbish” he was condemning the Lasallean understanding of distributive justice, not the idea of justice *per se*. What Marx is actually doing in the *Critique of the Gotha Programme* is, according to Nielsen and Husami, postulating his own principles of justice and using them to condemn those of the Lasalleans, not condemning the very idea of justice itself.<sup>30</sup> Nielsen concludes by denying Wood’s description of a historicist (in the sense of morally relativist) Marx through stating that “Karl Marx is not Karl Mannheim”<sup>31</sup>

The first author to support the strong thesis that Marx articulates a transhistorical conception of justice is G.A. Cohen. He reviews Wood’s book in *Mind* in 1983.<sup>32</sup> Cohen summarizes Wood’s argument and then refers directly to the Marxian texts. He claims that Wood is wrong because Marx describes in several places the labor relationship as a robbery and theft. Now, Cohen further maintains that, if the capitalist steals, he does not steal according to the

<sup>29</sup> Kai Nielsen, “Marx on Justice: The Tucker-Wood Thesis Revisited Reviewed” *The University of Toronto Law Journal*, Vol. 38, No. 1 (Winter, 1988), pp. 28-63, 47.

<sup>30</sup> Nielsen, “Marx on Justice: The Tucker-Wood Thesis Revisited Reviewed”

<sup>31</sup> Nielsen, “Marx on Justice: The Tucker-Wood Thesis Revisited Reviewed”, 63.

<sup>32</sup> G.A. Cohen, Review of Allen Wood’s *Karl Marx, Mind*, Vol. 92, No. 367 (Jul., 1983), pp. 440-445

capitalist conception of justice. Therefore, describing the capitalist's actions as theft must mean that Marx believed that a transhistorical conception of justice exists. Cohen realizes that, in order to ground this statement, he must reject another ambiguity which Wood leads himself into: the possibility of just theft existing and of Marx believing that just theft exists. Cohen thus avers that: "I think the relationship between robbery and injustice is so close that anyone who thinks capitalism is robbery must be treated as someone who thinks capitalism is unjust, even if he does not realize that he thinks it is."<sup>33</sup>

Cohen takes up the same topic in the chapter "Capitalism, Labour and Freedom" from his collection of articles entitled "History, Labour and Freedom" and argues that the belief in justice is central for Marxists.<sup>34</sup> Cohen rejects the social-democratic notion of a "caring society", which provides welfare for the poor because of humanitarian concern. He argues that the socialist objection to capitalism is that "it allows private ownership of means of production which no one has the right to own privately".<sup>35</sup> Moreover, he takes the libertarian and liberal challenge head-on when saying that socializing means of production is not a way to decrease freedom or to violate rights, but rather maximizes freedom and respects rights. He also criticizes social-democrats who aim for the welfare state by saying that their position misses the point and that redistributing income is a palliative for what is truly morally wrong, the distribution of means of production.<sup>36</sup> Finally, he concludes that all exploitation is unjust, even though it was historically necessary.<sup>37</sup> Moreover, this final remark has to be read together with his account of exploitation from his

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<sup>33</sup> Cohen, Review of Allen Wood's *Karl Marx*, 443

<sup>34</sup> G.A. Cohen, *History, Labour, and Freedom : themes from Marx*, (Oxford : Clarendon Press ; New York : Oxford University Press, c1988) 301,

<sup>35</sup> Cohen, *History, Labour, and Freedom*, 298

<sup>36</sup> Cohen, *History, Labour, and Freedom*, 299

<sup>37</sup> Cohen, *History, Labour, and Freedom*, 304.

review of Wood, in which he states that an unreciprocated exchange in the labor process is exploitative, even if it is not coercive under any description.<sup>38</sup>

Another author to argue for the claim that Marx's works represent a theory of justice is Jon Elster. Similarly to most other authors in the literature, Elster compares Marx to Mr. Jourdain from Moliere's play "The bourgeois gentleman", who has been speaking prose all his life, but believed he was speaking in verse.<sup>39</sup> Elster's arguments are extremely helpful when confronted by Wood's thesis, which he takes great pains to reject. Firstly, Elster discusses the passages in which Marx seems to deny that transhistorical justice exists and shows that in those passages all that Marx wanted to prove is that capitalism is not just, not that justice cannot exist. Elster shows that all that Marx believed is that capitalist transactions are unjust and that they create the impression of justice. Marx wanted to denounce that impression, and "when denying their transhistorical justice, he denied the <<transhistorical>> not the <<justice>> part".<sup>40</sup>

However, Elster does not offer any major new argument for the view that Marx believed capitalism to be unjust. He mostly relies on Cohen's robbery metaphor to claim that Marx had a transhistorical conception of justice. After that, he evaluates the labor contract situation on its own merits and offers a more nuanced view of exploitation than Cohen. Firstly, he argues that the "pure coupon capitalist"-the one who only owns means of production is committing exploitation because he does not share in the production of surplus value. Secondly, he analyzes the case of the purely capitalist entrepreneur, the one who organizes production according to his skills, but does not own the means of production. In this situation, he comes to the conclusion

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<sup>38</sup> Cohen cites the case of a capitalist who is not in a position to have to sell his labor to survive, yet does so to another capitalist-he is still exploited, even if not forced to work, Cohen, Review of Allen Wood's *Karl Marx*, 444

<sup>39</sup> The crucial passage in the play "Well, what do you know about that! These forty years now, I've been speaking in prose without knowing it! ", <http://moliere-in-english.com/bourgeois.html>, Accessed 16.03.2012. Jon Elster, *Making sense of Marx*, (Paris : Éditions de la Maison des sciences de l'homme, 1991, c1985), 217

<sup>40</sup> Elster, *Making sense of Marx*, 220

that the capitalist entrepreneur is not entitled to an income vastly greater than that of the workers, because one is not “morally entitled to everything one is causally responsible for creating.”<sup>41</sup>

Finally, Elster concludes that Marx had a hierarchical theory of justice. He uses the doctrine of the two stages of communism presented by Marx in the *Critique of the Gotha Programme* to claim that Marx saw the first step, socialism as progress to the fully just society, communism. According to Elster, both societies can be evaluated in terms of justice, but only communism is the fully just society. Two principles characterize these societies: under socialism the principle of contribution, which states “to each according to his labor contribution” and under full communism, the famous “From each according to his ability, to each according to his needs!”<sup>42</sup> Elster then concludes by claiming that Marx’ *distribuendum* under his theory of justice is “opportunity of self-realization” and that claiming that Marx saw communism as a society of full abundance is either textually wrong or, if textually correct, hopelessly utopian.<sup>43</sup>

Elster also argues that Marx has a theory of human good, which relies on self-realization through labor. He defines self-realization as the overcoming of obstacles through creative activity. Elster claims that Marx believes that in communism people would be fully able to realize their capacities and that the just society would maximize this. Moreover, Elster also claims that Marx holds this theory as a theory of the good life and that he sees a just society as one which maximizes the good life. However, on substantive grounds, Elster believes that Marx is utopian due to 1) scarcity of resources 2) the fact that creative activity by all might presuppose that no one engages in self-interested consumption 3) the fact that people need to specialize to

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<sup>41</sup> Elster, *Making sense of Marx*, 227

<sup>42</sup> Elster, *Making sense of Marx*, 229

<sup>43</sup> Elster, *Making sense of Marx*, 232.

achieve excellence in one activity.<sup>44</sup> Therefore, Elster does not build a Marxian theory of justice around self-realization, as Peffer and Reiman do (see the next chapter).

Moreover, in a later article, Elster constructs a theory of the good around self-realization, at work and in politics.<sup>45</sup> However, Elster accepts that this is merely a theory of the good and that liberals might be right when claiming that imposing conceptions of the good life is unwarranted. Yet, he comes to argue that self-realization is valuable and that if people would get more opportunities to overcome challenges at work or to fully participate in politics, they would prefer it more. Only myopia and free-riding makes people not aim for an institutional framework (socialism) in which self-realization is valued.<sup>46</sup>

Two decisive texts in the literature on Marx and justice have been Norman Geras' *The Controversy About Marx and Justice* and *Bringing Marx to Justice: An Addendum and Rejoinder*. These were extremely influential and thorough reviews of the status of the debate during the late 1980s and early 1990s. Geras' texts offer highly compelling arguments in favor of the thesis that Marx condemned capitalism in the name of justice and to some extent settle the debate.<sup>47</sup> Firstly, as a textual basis, Geras does not rely on the robbery metaphor. Alternatively, he refers to Marx using phrases such as "semblance of exchange", "pretense" to describe the idea that in the labor contract equivalents are exchanged for equivalents. Moreover, Geras points to an absolutely crucial passage from Marx, in which the latter describes the spheres of circulation and production. Geras shows how Marx believes that the sphere of circulation is a mere cover which hides the more important sphere of production. In the sphere of circulation or exchange,

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<sup>44</sup> Elster, *Making sense of Marx*, 83-86

<sup>45</sup> Jon Elster, "Self-Realization in Work and Politics: The Marxist Conception of the Good Life", *Social Philosophy and Policy* 3 (02):97- (1986)

<sup>46</sup> Elster, "Self-Realization in Work and Politics"

<sup>47</sup> Norman Geras, "The Controversy About Marx and Justice" *New Left Review* 1/150, March-April 1985 56

equivalents are exchanged for equivalents, the worker is free and the labor contract just. But, once we step out of this sphere into the production one, we can see how this semblance disappears, labor is appropriated without equivalent and the worker is no longer free.<sup>48</sup>

A crucial argument in Geras' article is that Marx was a moral realist rather than a moral relativist. Geras claims that Marx's seemingly relativist comments can be interpreted differently. He avers that Marx believed that, because of economic conditions and class position, people will have different standards of morality. Yet, this does not preclude the existence of transhistorical moral norms.<sup>49</sup>

Geras' arguments are similar to Cohen's: showing that when Marx calls exploitation "robbery" or "appropriation without equivalent", he is not invoking standards of justice internal to capitalism, but external ones. Yet, Geras also discusses the term "robbery" and shows that Marx chose to overlook or was not aware that exploitation is a method of extracting surplus value, but it is not similar to robbery in the relevant sense. What Geras also brings new to the debate is the strong refutation of those who do not accept that Marx condemned capitalism as unjust. Geras claims that their arguments are based on a philosophical double-counting, which takes Marx' theory of ideology as fixed and interprets the rest of the textual basis according to it.<sup>50</sup>

Geras also concludes that because of Marx's narrow understanding of the term "justice" he was condemning capitalism as unjust while explicitly denying that he is doing so: "is *he* who clearly, albeit *malgré lui*, challenges the moral propriety of the distributive patterns typical of capitalism—distribution in this context, mark you, taken in its widest sense—and that he does

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<sup>48</sup> Geras, "The Controversy About Marx and Justice ", 56

<sup>49</sup> Geras, "The Controversy About Marx and Justice ", 58

<sup>50</sup> Geras, "The Controversy About Marx and Justice ", 67-69

not realize what he is doing in challenging it, precisely criticizing capitalism as unjust, is merely a confusion on his part about the potential scope of the concept of justice.”<sup>51</sup> Finally, Geras also makes an extremely intelligent and articulated comment towards the end of the article: he explains Marx’ theory of abundance and criticizes those who believe that communism would be a society of full abundance and beyond justice. Geras argues that Marx sees abundance as opposed to a standard of “reasonableness” and that the interpretation that abundance would be relative to all human needs is textually wrong (the thesis which Geras supports) or, if textually true, absurd.<sup>52</sup> Geras, thus believes that a communist society would not have overcome either the subjective or the objective circumstances of justice.

In an article published five years later after the original one, Geras defends his thesis against criticisms. The most interesting one is that leveled against him is that formulated by Alan Ryan. Geras quotes Ryan as saying that in Marx’s view “capitalism was . . . just-in-appearance according to prevailing notions of justice, but it was . . . unjust-in-reality according to those same prevailing notions”<sup>53</sup> In other words, as Lukes and Buchanan would put it, Marx offers only an internal criticism of capitalism, rather than an external one: capitalism is unjust on its own terms, according to its own trumpeted principles of justice and fairness. Capitalism itself proclaims that equivalents should be exchanged for equivalents, but it is capitalism who breaks its own norms by disguising unequal exchange.<sup>54</sup> Geras understands the power of this argument and fully appreciates it, claiming that Ryan’s argument must be rejected otherwise one would have to

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<sup>51</sup> Geras, “The Controversy About Marx and Justice”, 71

<sup>52</sup> Geras, “The Controversy About Marx and Justice”, 82.

<sup>53</sup> Norman Geras, “Bringing Marx to Justice: An Addendum and Rejoinder”, *New Left Review* I/195, September-October 1992

<sup>54</sup> Alan Ryan, “Justice, Exploitation and the End of Morality” *Royal Institute of Philosophy Lecture Series* (1987), 2 pp 117-134 quoted in Geras, “Bringing Marx to Justice: An Addendum and Rejoinder”, 43



accept that Marx's essential concept, exploitation, is nothing more than a bourgeois concept and that Marx does not disagree so much with bourgeois moralists.<sup>55</sup>

Geras proceeds to the rejection by showing that Marx, in the *Critique of the Gotha Programme*, believes that the principle of reward according to labor will hold in socialism, which is a higher phase than capitalism, but also morally inferior to communism. In other words, Geras reaffirms Elster's claim that Marx had a hierarchical theory of justice. But, if the principle of reward according to labor is specific to socialism, it cannot be specific also to capitalism. And, since socialism is a better, more just, society than capitalism, reward according to labor is a higher, though not the highest, principle of justice than capitalist principles of justice. This settles the contradiction and allows for comparison of societies in terms of a transhistorical conception of justice.<sup>56</sup>

Throughout his life, John Rawls was clearly aware of the debate, but did not publish anything on it. However, in his posthumously published work, *Lectures on the History of Political Philosophy* Rawls shows that he supported one side as opposed to the other. Moreover, if the material had been available at the time of the debate, it would have not only added strong arguments in favor of those who claim that Marx has a theory of justice but also made some extremely helpful clarifications. Only in 2008 were Rawls' views on the topic published. Rawls agrees with the general consensus in the literature that Marx condemned capitalism from a moral point of view, but did not see himself doing so.<sup>57</sup> Rawls takes great pains to clarify the terminological and linguistic ambiguity which has led interpreters of Marx to deny that the latter had a justice-based condemnation of capitalism. Rawls shows that when Marx was using the

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<sup>55</sup> Geras, "Bringing Marx to Justice: An Addendum and Rejoinder", 55

<sup>56</sup> Geras, "Bringing Marx to Justice: An Addendum and Rejoinder", 57.

<sup>57</sup> Rawls, *Lectures on the History of Political Philosophy*, 336

term “justice” he was doing so in a very narrow sense, as describing “prevailing legal and judicial norms internal to the social and economic order” and that the ambiguity is easy to dissolve once we think of “political justice in a broad fashion”<sup>58</sup>. Rawls, unlike Cohen, does not ground his claim that Marx believed capitalism unjust in the robbery metaphor. Alternatively, Rawls heads directly for the labor theory of value as the source of injustice of capitalism. Rawls maintains that since Marx believed that labor was the only activity which creates value then the individual is entitled to all the products of his labor. Therefore, Rawls interprets Marx as claiming that individuals are fully entitled to the products of their labor and that a system which denies them that is unjust<sup>59</sup>.

Moreover, Rawls also solves an ambiguity which Elster, due to some confusion creates. Elster, when discussing the case of the capitalist entrepreneur, was at some pains to explain how Marx could condemn as unjust the capitalist entrepreneur, who owns no capital, but organizes labor. Elster believes that this naturally leads to the problem of incentives: if one does not receive rewards from something he helped create, then little creation is possible. Elster remains ambiguous on the topic and is satisfied to conclude that the capitalist entrepreneur should be compensated but not by all the product of this combined activity. Moreover, Elster is also mistaken when claiming that the capitalist entrepreneur “exploits” labor by organizing it.<sup>60</sup> Rawls corrects this ambiguity and states that on the basis of Marx’s texts, the capitalist entrepreneur is not committing an injustice and that his higher income is actually morally deserved. It is the economic system which allows private property in means of production and profits from these which is unjust. Rawls explicitly refers to Marx’s division of profit in pure

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<sup>58</sup> Rawls, *Lectures on the History of Political Philosophy*, 336

<sup>59</sup> Rawls, *Lectures on the History of Political Philosophy*, 351

<sup>60</sup> Elster, *Making sense of Marx*, 227

commercial profit (wage of supervision), interest (profit from ownership) and ground-rent (profit from ownership of land) to claim that only the latter two are unjust in Marx's view: "Marx is not talking about what a landlord receives in return for the management of the estate: what capitalists and land lords receive as the wages of management is not counted as the extraction of surplus value"<sup>61</sup>

Finally, Rawls maintains that Marx's ideas about justice are inconsistent and that his just society is one in which exploitation and alienation are absent. In Marx's society of freely associated producers, Rawls argues that means of production would be democratically controlled through a plan and that the moral right of equal access to the means of production would be recognized. Then Rawls concludes that under full communism, the principle of "From each according to his ability, to each according to his needs" is not a principle of justice, but merely a descriptive principle on how things are done in the higher phase of communism.<sup>62</sup> Justice is merely the absence of exploitation and alienation in a society of freely associated producers who organize economic life according to a plan. Rawls also seems to believe that a communist society would both be just and beyond justice at the same time. It would be just because it would end alienation and exploitation, but it would be beyond justice because people would not need to act from a sense of justice, but would have overcome morality. Unlike Buchanan and Lukes, Rawls does not believe that "moving beyond justice" is caused by unlimited abundance and that the

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<sup>61</sup> Also "Marx supposes, then, that all members of society equally have a claim, resting on justice, to full access to and the use of society's means of production and natural resources. The basic question is how those means are to be effectively used, the work shared and commodities goods produced, and the rest. Therefore, for him pure economic rent of property ownership is unjust because it in effect denies just claims to access and use, and any system instituting such rent is a system of domination and exploitation" Rawls, *Lectures on the History of Political Philosophy*, 351 -52

<sup>62</sup> Rawls, *Lectures on the History of Political Philosophy*, 370

objective circumstances of justice would be abolished. Only the subjective ones would have been.<sup>63</sup>

To recapitulate, the debate has been waged on several points. Firstly: what exactly is Marx denying when he uses terms like “verbal rubbish” or “nonsense”? Is it a particular conception of justice or the very notion of justice? Secondly, some assert that all the acrimony began from a linguistic confusion: Marx was criticizing the term “justice” in its narrow sense (juridical conception) but not denying that capitalism is unjust according to another, wider understanding of the term “justice”. In Peffer’s words (see the next chapter) Marx was operating with a “muddled” conception of morality. Others claim that Marx was rejecting any notion of justice, no matter how broad. Thirdly, some come to the conclusion that Marx did not view exploitation (unequal exchange) and alienation (separation from creative powers) and robbery (forced unequal exchange) as moral concepts while others argue that they are obviously moralized concepts and that Marx saw them like this. Fourthly, complex views assert that Marx offered an internal criticism of capitalism, either in addition or without an external one, while others deny that Marx could criticize capitalism only (or also) from the inside. Geras attacks the complex view by saying that they practice philosophical double counting: they hold the theory of ideology and the interpretation that Marx rejects all notions of justice as fixed and simply account for the rest in terms of this. Finally, those who claim that Marx did not believe in a transhistorical concept of justice argue (also) that this is grounded in Marx’s belief that communism would be a society beyond the circumstances of justice (both objective-full abundance, and subjective-reconciliation of the interests of individuals and individuals and community). Their opponents

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<sup>63</sup> Rawls, *Lectures on the History of Political Philosophy*, 371

assert that Marx did not entertain such belief, or if he did he was “entertaining an absurdity” (Geras) or was “hopelessly utopian” (Elster).

### ***1.3. Marx against justice***

This chapter will employ two strategies to reject the moral relativist thesis. Firstly, it will address the crux of the theory of ideology. It will discuss Marx’s claim that morality is ideological and present two accounts of how this can be reconciled with his seeming moral concerns. This approach will rely on the strongest relativist passages, which can be given no other interpretation. Secondly, the chapter will discuss other passages, which seem to support the relativist thesis. These, however, offer a much weaker argument for moral relativism because they have been misquoted and misinterpreted.

#### **1.3.1. The theory of ideology**

Marx’s theory of ideology is presented mostly in *The German Ideology*, his critical attack against the Young Hegelians and unfortunately most widely understood as representing his absolute denial of universal moral standards. Other passages in *Capital* and the Preface to the *Contribution to a Critique of Political Economy* and other works also outline this idea.

In *The German Ideology*, Marx begins with an ironical and scathing attack on the Young Hegelians. He believes that their methods of understanding the world and theorizing about morals is absolutely wrong because it takes human thought as the initial category. Marx does not spare the Young Hegelians deep and biting irony:

*It was a revolution beside which the French Revolution was child’s play, a world struggle beside which the struggles of the Diadochi [successors of Alexander the Great] appear insignificant.*

*Principles ousted one another, heroes of the mind overthrew each other with unheard-of rapidity, and in the three years 1842-45 more of the past was swept away in Germany than at other times in three centuries. All this is supposed to have taken place in the realm of pure thought*<sup>64</sup>

Secondly, Marx moves on to establish his own materialist conception of history, which begins from “real premises” and offers correct interpretations. Marx rejects the fundamental beliefs of the Young Hegelians and establishes his own. Firstly, Marx’s opponents viewed human thought as the crucial explanatory category of the world: what humans think about the world allows us, in Hegel’s and the Young Hegelians’ view, to understand human history and the evolution of morals. But, unlike the Old Hegelians, the Young ones sought to undermine philosophical and moral conceptions (the product of human thinking) because they were “the chains of men”<sup>65</sup>. But Young Hegelians had never moved beyond Hegel since they still accepted his basic premises. Marx seeks to establish his own grand explanatory principle:

*The premises from which we begin are not arbitrary ones, not dogmas, but real premises from which abstraction can only be made in the imagination. They are the real individuals, their activity and the material conditions under which they live, both those which they find already existing and those produced by their activity. These premises can thus be verified in a purely empirical way.*<sup>66</sup>

The materialist conception of history, Marx says, begins from looking at men as real individuals who need to produce in order to survive. Once this essential element, the relation between man and nature, is taken as an overarching explanatory principle, then, Marx asserts, our interpretation of reality, of history and of morals will look very different indeed. Now, for the first time, Marx hints that he believes in material determinism, when saying:

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<sup>64</sup> Karl Marx, *The German Ideology*, <http://www.marxists.org/archive/marx/works/1845/german-ideology/ch01a.htm>, Accessed 18.03.2012.

<sup>65</sup> Marx, *The German Ideology*

<sup>66</sup> Marx, *The German Ideology*

*This mode of production must not be considered simply as being the production of the physical existence of the individuals. Rather it is a definite form of activity of these individuals, a definite form of expressing their life, a definite mode of life on their part. As individuals express their life, so they are. What they are, therefore, coincides with their production, both with what they produce and with how they produce. The nature of individuals thus depends on the material conditions determining their production.*<sup>67</sup>

Further, Marx moves on to describe historical epochs grouped according to the prevailing modes of production: primitive communism, slavery, feudalism. The interesting passages come straight after and have to be quoted at length:

*The production of ideas, of conceptions, of consciousness, is at first directly interwoven with the material activity and the material intercourse of men, the language of real life. Conceiving, thinking, the mental intercourse of men, appear at this stage as the direct efflux of their material behaviour. The same applies to mental production as expressed in the language of politics, laws, morality, religion, metaphysics, etc., of a people. Men are the producers of their conceptions, ideas, etc. – real, active men, as they are conditioned by a definite development of their productive forces and of the intercourse corresponding to these, up to its furthest forms. Consciousness can never be anything else than conscious existence, and the existence of men is their actual life-process. If in all ideology men and their circumstances appear upside-down as in a camera obscura, this phenomenon arises just as much from their historical life-process as the inversion of objects on the retina does from their physical life-process.*

*In direct contrast to German philosophy which descends from heaven to earth, here we ascend from earth to heaven. That is to say, we do not set out from what men say, imagine, conceive, nor from men as narrated, thought of, imagined, conceived, in order to arrive at men in the flesh. We set out from real, active men, and on the basis of their real life-process we demonstrate the development of the ideological reflexes and echoes of this life-process. The phantoms formed in the human brain are also, necessarily, sublimates of their material life-process, which is empirically verifiable and bound to material premises. Morality, religion, metaphysics, all the rest of ideology and their corresponding forms of consciousness, thus no longer retain the semblance of independence. They have no history, no development; but men, developing their material production and their material intercourse, alter, along with this their real existence, their thinking and the products of their thinking. Life is not determined by consciousness, but consciousness by life. In the first method of approach the starting-point is consciousness taken as the living individual; in the second method, which conforms to real life, it is the real living individuals themselves, and consciousness is considered solely as their consciousness.*<sup>68</sup>

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<sup>67</sup> Marx, *The German Ideology*

<sup>68</sup> Marx, *The German Ideology*

At this point, it would be proper to bring in three other famous passages which the defenders of the claim that Marx is a moral relativist use to buttress their argument:

*In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.<sup>69</sup>*

*But these defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. Right can never be higher than the economic structure of society and its cultural development conditioned thereby.<sup>70</sup>*

*“Undoubtedly,” it will be said, “religious, moral, philosophical, and juridical ideas have been modified in the course of historical development. But religion, morality, philosophy, political science, and law, constantly survived this change.”*

*“There are, besides, eternal truths, such as Freedom, Justice, etc., that are common to all states of society. But Communism abolishes eternal truths, it abolishes all religion, and all morality, instead of constituting them on a new basis; it therefore acts in contradiction to all past historical experience.”*

*What does this accusation reduce itself to? The history of all past society has consisted in the development of class antagonisms, antagonisms that assumed different forms at different epochs.*

*But whatever form they may have taken, one fact is common to all past ages, viz., the exploitation of one part of society by the other. No wonder, then, that the social consciousness of past ages, despite all the multiplicity and variety it displays, moves within certain common forms, or general ideas, which cannot completely vanish except with the total disappearance of class antagonisms.*

*The Communist revolution is the most radical rupture with traditional property relations; no wonder that its development involved the most radical rupture with traditional ideas.<sup>71</sup>*

At first, such passages seem to offer the textual basis for those who would support the claim that Marx was a moral relativist. Since “morality, religion, metaphysics” are not

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<sup>69</sup> Karl Marx, *Preface, A Contribution to the Critique of Political Economy*, <http://www.marxists.org/archive/marx/works/1859/critique-pol-economy/preface.htm>

<sup>70</sup> Karl Marx, *Critique of the Gotha Programme*, <http://www.marxists.org/archive/marx/works/1875/gotha/ch01.htm>

<sup>71</sup> Karl Marx and Friedrich Engels, *Manifesto of the Communist Party*, Chapter II <http://www.marxists.org/archive/marx/works/1848/communist-manifesto/>, Accessed 18.10.2012.



independent but are “sublimates of material life-processes”, “have no history and no development”, since “right cannot be higher than the economic structure of society” and since “life is not determined by consciousness, but consciousness by life” must not have Marx believed that all moral ideas, all explanatory theories, all philosophical systems are by definition nothing else than ideology? Some could argue that he did truly believe so. Others might reply that, even if he claimed that philosophical systems supported by others are ideology, he did not apply the same standards to himself. Moreover, as most of the literature claims, Marx might not have even realized what he is doing. Finally, a complex view is also possible to reconcile these apparently irreconcilable views.

Before moving on, it would be important to dwell on the definitions of explanatory and normative/moral systems. The first purport to show people what is: how existing reality works, how events are correlated, what a cause is, what an effect is and how these are connected. Other explanatory systems deny there is such a thing as a cause-effect relationship and maintain that only thick description can serve as an accurate portrayal of reality: showing what people believe and how they interpret the world. Normative systems tell us what *we should do* what is moral and what is just. They claim to offer us guiding principles on how to behave, how to treat other people, how to arrange political institutions, etc.

What we can infer from the text is that Marx had a well developed explanatory system: the materialist conception. It was, according to him, an overarching explanatory system: it allowed us to understand not only how the economy works and how history develops, but also how people trapped in particular relations of production see the world and the moral conceptions they form. This reading supports Geras’ claim that Marx was a moral realist, rather than a

relativist.<sup>72</sup> Most explanatory systems of today (rational choice theories, for example) are much more limited in their scope. They purport only to explain human actions and are silent about beliefs. Constructivism, which incorporates belief in its explanatory structure, treats beliefs and understandings as an *explanandum* (the element that explains). Post-structuralism is slightly different: it takes beliefs as constituting reality and looks merely to describe it. Marx believed that he had found the key explanatory principle to both human behavior and human beliefs. An arrogant claim maybe, but not necessarily a relativist one. Once again, it has to be remembered that Marx was writing a polemic against the Young Hegelians who were claiming exactly the same: that they had found out the main explanatory principle of the world, human thought. What Marx is arguing in these passages is that his explanatory principle is the key one, not that universal morality does not exist.

However, there is an inherent danger in explanatory systems which claim to offer accounts of why people believe what they believe, of why “religion and metaphysics” are one way and not the other and especially to ground this in an individual’s position in the prevalent relations of production. The danger is that the postulator of such a system will be asked (as many morally relativist Marxists are): “but what about you?” “Are you not also a product of factor X?”, “Is your own thinking not determined by the same factors which determine ours?” the opponents might ask. Isaiah Berlin warns of exactly such a possibility in *Historical Inevitability*, when he argues against the sociology of morality. He expounds this paradox in a footnote when criticizing historians who espouse “subjectivism” and maintains that “whatever we do not disagree with we call misleading, but if this fault is to be called subjectivism so must our condemnation of it.” Ironically he claims that “what is sauce for the subjective goose must be

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<sup>72</sup> Geras, “The Controversy About Marx and Justice”, 58.

sauce for the objective gander”<sup>73</sup> to say that if one is a moral relativist he must apply the same standard to himself. Moreover, Berlin warns that this attitude denies individual responsibility and disallows the apportionment of moral blame.<sup>74</sup>

Marx could offer several replies. The first, an arrogant and obtrusive one would be “No, I have discovered that people think what they think because of their class position, but I am not affected by mine. I am the only one who has transcended it”. The second, somewhat more nuanced, would be something along the lines of “I am also a product of my class position, but as the holder of the explanatory true principle, I have realized that one class, the proletariat, will overthrow the capitalist system and establish a new morality. At this point, the new, true morality can only be formulated by the person who knows how the system works.”

This is one way to read the apparent paradox present in *The German Ideology*. Marx, like many of his contemporaries, was claiming that he had an overarching explanatory principle. While engaged in the battle against the Young Hegelians, he did not realize that he, together with all those who were trying to establish all-encompassing explanatory systems, were exposing themselves to a paradox. But this incoherence and the fact that Marx could only probably offer weak replies when asked “what about you?” does not preclude one to argue that Marx could have easily believed that his principles were principles of justice and that his views on morality were the true ones. He might say that his method is different: unlike Rawls’ reflective equilibrium, a method of purely rational reflection, one must also study history and political economy before arriving at what justice is. In Rawls’ conception, one would use empirical facts to buttress rational reflection, constructing a theory of human nature. However, in Marx, the study of history would provide much more than data to be fed into a rational decision making process: history

<sup>73</sup> Isaiah Berlin, “Historical Inevitability” in *Four essays on liberty*, (Oxford University Press, 1992, c1969), 87f

<sup>74</sup> Berlin, “Historical Inevitability, 111

offers the key to morality. Thus, the texts do not prove he argued for the relativity of morals, but maybe for an inconsistent understanding of justice and morality. This inconsistency may be caused by linguistic confusion or by his lack of attention to the implications of his claims (or a combination of both). This account is followed by Geras, which reads Marx as an inconsistent writer.

As mentioned in the introduction, there is an account which permits reading Marx as a moral realist and a coherent writer at the same time. This account was developed by Janos Kis and Gyorgy Bence in an unpublished manuscript. It interprets Marx as presenting moral norms to be dependent on the economic structure of society and evolving together with it. Once society reaches communism, the individual interests are finally congruent with universal morality and so the discrepancy between the morality adequate to the particular epoch and universal morality comes to disappear.<sup>75</sup> Due to the conflict between classes inherent in the relations of production which dominate other historical periods, the moral standards that are adequate to these periods have a dual character: on the one hand, they claim to represent universal morality; on the other hand, they just express particular class interests. During capitalism, once the proletariat emerges, its particular interests come to coincide with the universal interest in abolishing society based on class divisions, and so its morality expresses the true universal morality.<sup>76</sup>

According to this account, Marx' conception has one major difficulty: universal moral standards emerge into the world only in communism, when they are no longer needed. For a set of requirements and norms to be moral norms, choice between moral and immoral action must be

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<sup>75</sup> An apparently similar, but actually distinct conception is adopted by Jeffrey H. Reiman in *As Free and as Just as Possible: The Theory of Marxian Liberalism* (Oxford : Wiley-Blackwell, 2012). The essential differences are 1. Reiman presents his account as his own not as his interpretation of Marx 2. Reiman argues that the “while justice has a timeless meaning, what it requires changes historically” (p 62). In other words, only the concept of justice is transhistorical, its substantive content is not. Here, both the concept and the conception (to Rawlsian terms) of justice in Marx is transhistorical. However, they cannot even be discerned until late capitalism.

<sup>76</sup> Janos Kis, personal communication

a possibility. Only then, can an individual be said to act morally. One possible example is that of two neighbors, who must dig a well to survive. If none of them has the possibility to free-ride on the other for obtaining the benefit, but not sharing the burden, then the problem of morality does not emerge. Only when one can choose between doing his share and free-riding, then the morality of an action comes to be an issue.<sup>77</sup> However, in the Kis-Bence account, Marx is trapped between claiming that universal morality needs choice in order to be morality and averring that it can only become the prevailing moral system when the circumstances of justice and conflicting claims have disappeared. A crucial passage for the Kis-Bence account is the following

*If from a philosophical point of view one considers this evolution of individuals in the common conditions of existence of estates and classes, which followed on one another, and in the accompanying general conceptions forced upon them, it is certainly very easy to imagine that in these individuals the species, or "Man", has evolved, or that they evolved "Man" — and in this way one can give history some hard clouts on the ear. One can conceive these various estates and classes to be specific terms of the general expression, subordinate varieties of the species, or evolutionary phases of "Man".*

*This subsuming of individuals under definite classes cannot be abolished until a class has taken shape, which has no longer any particular class interest to assert against the ruling class.*<sup>78</sup>

There are some major differences between the accounts of Norman Geras and Kis-Bence. Geras asserts that due to terminological confusion Marx claims that other moral systems have been nothing but ideology, dependent on the material structure, but his own is not.<sup>79</sup> Transhistorical evaluative standards exist and can be grasped at any time in history. This is open

<sup>77</sup> Janos Kis, personal communication

<sup>78</sup> Marx, *The German Ideology*

<sup>79</sup> This is because in so far as he indeed thought directly about and formulated any opinion concerning justice, which he did only intermittently, he expressed himself as subscribing to an extremely narrow conception of it. The conception was narrow in two respects: associating justice, firstly, in more or less legal positivist fashion, with prevailing or conventional juridical norms, the standards internal to each social order; and associating it, secondly, with the distribution of consumption goods or, as this relates to capitalism, the distribution of income, and hence with a too partial focus upon the process of exchange in the market, Geras, "The Controversy About Marx and Justice", 70

to attack as described above. However, the Kis-Bence account would argue that principles of justice depend on the economic structure, and that an observer at a certain point in time could never make the claim that prevalent principles of justice are not the “true” ones. However, on this account principles of justice evolve in a teleological fashion. The true principles of justice emerge only with the proletariat, and come to be implemented in society only when they are no longer needed. Moreover, their existence can be discerned in the late stages of capitalism, when communism is in sight and the proletariat has at least emerged as a class. Thus, it is neither impossible nor inconsistent for an observer to claim that prevalent principles of justice are not “true” if and only if communism is within reach.

This thesis supports the following understanding of the problem of Marx and justice: similarly to the Kis-Bence conception, the problem of justice must be seen as one of progression of economic structure. Seeing Marx as confused terminologically would depreciate his seemingly relativist statements. As Geras also writes, an author should be offered at least a presumption of consistency. On this presumption, one can meaningfully claim that Marx’s statements that moral standards depend on the economic structure actually mean that principles of justice prevalent at any point in history and at all points in history depend on economic conditions. No distinction between “fake” and “real” moral standards should be imputed to Marx: what morality exists at one point is what morality is. An observer could never claim that he has discerned the “true” principles. This allows Marx to escape the Berlin-type of attack and interpreters of his texts to not have to discount parts of them.

However, it is not impossible to claim at the same time that principles of justice depend on the economic infrastructure, and that they evolve in time, together with this infrastructure. Moreover, it is not inconsistent to say that principles of justice prevalent at one time are not

universal, in the sense of not being moral principles for all human beings. Then, similar to the Kis-Bence account, this paper also supports the claim that Marx believed in a progression of economic structures and principles of justice towards the truly universal ones. I would also claim that Marx can be interpreted as saying that the statement that truly universal principles of justice to be appealed to actually exist can only be made in the late stages of capitalism. Moreover, such principles cannot be formulated until then.

Both Geras and Kis and Bence seem to agree that Marx believed that universal moral standards can be used to assess capitalism. However, the main difference is that Geras argues that Marx would affirm that he can say this irrespective of the historical epoch one is in. On this view, Marx would say “I could say this now, or could have said it 1000 years before”. However, Kis and Bence would argue that Marx allows himself to make such statements only because he lived when he lived. Marx could see himself at the same time as historically determined but also as being able to view the coming of the universal morality. This paper would support the second view.

This analysis is further supported by the concept of universal class and Marx’s conditions for an appropriate revolution. In Marxist analysis, the universal class is the class whose class interests coincide with the general interests of humanity. According to Marx, only proletarians can appropriate the means of production because only the proletariat has a universal character. Moreover, all revolutions until now have represented only a limited appropriation, because individuals became again slaves to the instruments of labor. However, with the communist revolution, the proletariat will appropriate the means of production and transform them into a vehicle of self-activity, as opposed to the implements of stunting self-activity. Even more, the

appropriation will be universal, because the proletariat itself is a universal class. Only then will “self-activity coincide with material life”.<sup>80</sup>

*This appropriation is further determined by the manner in which it must be effected. It can only be effected through a union, which by the character of the proletariat itself can again only be a universal one, and through a revolution, in which, on the one hand, the power of the earlier mode of production and intercourse and social organisation is overthrown, and, on the other hand, there develops the universal character and the energy of the proletariat, without which the revolution cannot be accomplished; and in which, further, the proletariat rids itself of everything that still clings to it from its previous position in society.*<sup>81</sup>

### 1.3.2. Marx against justice-other quotations

While the theory of ideology itself can be shown to be at least a consistent part of Marx’s work, the work on the following passages is mostly one of textual interpretation. Parts of these have been grossly misquoted in many situations and reading the following passages in context will show that Marx is actually saying something different than what was imputed to him. What interpreters have taken to be a denial of justice and morality is many times nothing more than a rejection of voluntarism or of the internal criticism of capitalism

The ending passage of the first chapter of the *German Ideology* is also crucial for those who deny that Marx had a theory of justice. It has to be quoted at length to avoid the possibility of misinterpretation and de-contextualization:

*This “alienation” (to use a term which will be comprehensible to the philosophers) can, of course, only be abolished given two practical premises. For it to become an “intolerable” power, i.e. a power against which men make a revolution, it must necessarily have rendered the great mass of humanity “propertyless,” and produced, at the same time, the contradiction of an existing world of wealth and culture, both of which conditions presuppose a great increase in productive power, a high degree of its development. And, on the other hand, this development of productive forces (which itself implies the actual empirical existence of men in their world-historical, instead of local, being) is an absolutely necessary practical premise because without it want is merely made general, and with destitution the struggle for necessities and all the old*

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<sup>80</sup> Marx, *The German Ideology*

<sup>81</sup> Marx, *The German Ideology*



*filthy business would necessarily be reproduced; and furthermore, because only with this universal development of productive forces is a universal intercourse between men established, which produces in all nations simultaneously the phenomenon of the “propertyless” mass (universal competition), makes each nation dependent on the revolutions of the others, and finally has put world-historical, empirically universal individuals in place of local ones. Without this, (1) communism could only exist as a local event; (2) the forces of intercourse themselves could not have developed as universal, hence intolerable powers: they would have remained home-bred conditions surrounded by superstition; and (3) each extension of intercourse would abolish local communism. Empirically, communism is only possible as the act of the dominant peoples “all at once” and simultaneously, which presupposes the universal development of productive forces and the world intercourse bound up with communism. Moreover, the mass of propertyless workers – the utterly precarious position of labour – power on a mass scale cut off from capital or from even a limited satisfaction and, therefore, no longer merely temporarily deprived of work itself as a secure source of life – presupposes the world market through competition. The proletariat can thus only exist world-historically, just as communism, its activity, can only have a “world-historical” existence. World-historical existence of individuals means existence of individuals which is directly linked up with world history.*

*Communism is for us not a state of affairs which is to be established, an ideal to which reality [will] have to adjust itself. We call communism the real movement which abolishes the present state of things. The conditions of this movement result from the premises now in existence.<sup>82</sup>*

The argument against Marx having a theory of justice relies on quoting the de-contextualized last sentence which says that “communism is not a state of affairs to be established” or an “ideal” but a “real movement”. The apparently obvious interpretation is that here Marx is denying that communism is the just society or a normative goal to be established. On this interpretation, Marx is affirming his theory of history: that communism will come out of the collapse of capitalism, as a result of the objective functioning of the laws inherent to capitalism. It is, in other words, a “real movement”. But, read together with the previous passage, it should be argued that what Marx is actually denying in the last sentence is not transhistorical morality, but voluntarism. Having a theory of history which ends up with a final revolution does not establish that one does not believe that the society to come after the revolution is the just society.

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<sup>82</sup> Marx, *The German Ideology*

In the passage above the final sentence, Marx is establishing the premises of the world-revolution: capitalist development throughout the whole world. He is also correctly anticipating what can happen if the revolution is not started at the same time, throughout the whole world, when the conditions for it are ripe: “*Without this, (1) communism could only exist as a local event; (2) the forces of intercourse themselves could not have developed as universal, hence intolerable powers: they would have remained home-bred conditions surrounded by superstition; and (3) each extension of intercourse would abolish local communism.*” Then he, once again, claims that the revolution can only happen globally and at once, when individuals are interconnected throughout the world. But, the only thing that Marx asserts in the last sentence is that, despite the difficulties presented in the last chapter, the revolution will happen. It is not “a state of affairs to be established [...] an ideal” means in this context that communism does not need voluntary human actions for its emergence because it will emerge as a result of the operations of the law of history. Those who maintain that Marx does not have a theory of justice focus on the single sentence “communism is not an ideal” while the proper reading, also taking into account the following sentence and the wider context, probably is *Communism is for us not a state of affairs which is to be established [by voluntary human action], an ideal to which reality [will] have to adjust itself [an ideal derived only by abstract reason and which is imposed upon reality by good-willed voluntarists]*. All this is neither here nor there as to the justice of communism or the injustice of capitalism.

Further, Marx describes the development of the division of labor and the effects it produces on the production of ideology. He reaches the conclusions that:

*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, has control at the same time over the means*

*of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make the one class the ruling one, therefore, the ideas of its dominance*<sup>83</sup>

Once again, at first sight, this passage seems to lend support to the moral relativist conclusion. If the ruling class determines the ideas, and the ruling classes change, then moral ideas must relative. However, there is nothing to commit Marx to anything else but a moral realist conclusion. It might be true that until now, all moral ideas have been false. Not only that they were false, but they also represented the interests of the ruling classes. The fact that these ruling classes had the opportunity to generate ideas is a natural outcome of the division of labor, since only the members of the ruling classes had enough time at their disposal. Moreover, moral ideas until now represented the material relations as the ruling classes saw them or wanted everybody else to see them.

Seeing Marx as a moral realist and understanding his belief that the ruling ideas are those of the ruling classes allows one to explain a passage used by Steven Lukes to argue for moral relativism. Lukes argues that Marx's assertion that "The communists do not preach morality at all, as Stirner does so extensively. They do not put to people the moral demand: love one another, do not be egoists, etc.; on the contrary, they are very well aware that egoism, just as much as selflessness, is in definite circumstances a necessary form of the self-assertion of individuals"<sup>84</sup> is clear evidence in favor of the claim that Marx is a moral relativist. But, once one looks at the whole passage and reads it in connection with the one above, the evidence is less clear:

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<sup>83</sup> Marx, *The German Ideology*

<sup>84</sup> Marx, *The German Ideology* quoted in Lukes *Marxism and Morality*, 5

*Communism is quite incomprehensible to our saint because the communists do not oppose egoism to selflessness or selflessness to egoism, nor do they express this contradiction theoretically either in its sentimental or 'in its high-flown ideological form; they rather demonstrate its material source, with which it disappears of itself. The communists do not preach morality at all, as Stirner does so extensively. They do not put to people the moral demand: love one another, do not be egoists, etc.; on the contrary, they are very well aware that egoism, just as much as selflessness, is in definite circumstances a necessary form of the self-assertion of individuals. Hence, the communists by no means want, as Saint Max believes, and as his loyal Dottore Graziano (Arnold Ruge) repeats after him (for which Saint Max calls him "an unusually cunning and politic mind", Wigand, p. 192), to do away with the "private individual" for the sake of the "general", selfless man. That is a figment of the imagination concerning which both of them could already have found the necessary explanation in the Deutsch-Französische Jahrbücher. Communist theoreticians, the only communists who have time to devote to the study of history, are distinguished precisely by the fact that they alone have discovered that throughout history the "general interest" is created by individuals who are defined as "private persons". They know that this contradiction is only a seeming one because one side of it, what is called the "general interest", is constantly being produced by the other side, private interest, and in relation to the latter it is by no means an independent force with an independent history — so that this contradiction is in practice constantly destroyed and reproduced. Hence it is not a question of the Hegelian "negative unity" of two sides of a contradiction, but of the materially determined destruction of the preceding materially determined mode of life of individuals, with the disappearance of which this contradiction together with its unity also disappears.<sup>85</sup>*

In this passage, Marx is arguing against Stirner, a Young Hegelian. Marx does nothing but to assert the same idea as in the passage quoted above, that there is nothing else to moral ideas up until his time except the interests of the ruling classes. Moreover, the communists do not wish to preach as those before them. Instead, communists analyze and understand that for ruling classes, "private interest" produces "general interest" in its own fashion. Finally, Marx asserts, that both this separation and this unity (between the invented ideas of private interest and general interest)<sup>86</sup> will disappear in communism, exactly because of the disappearance of classes.

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<sup>85</sup> Marx, *The German Ideology*

<sup>86</sup> One point which will become relevant later is whether in this passage one can see that Marx argues that the separation of private interest and general interest will disappear or whether he states that the (fake) ideas of private interest and general interest will disappear.

Further, Marx discusses the history of the division of labor and of the rise of capitalism, giving a brief summary of what he will present in more detail in *Capital*. When moving to the theory of the state, Marx asserts:

*Since the State is the form in which the individuals of a ruling class assert their common interests, and in which the whole civil society of an epoch is epitomised, it follows that the State mediates in the formation of all common institutions and that the institutions receive a political form. Hence the illusion that law is based on the will, and indeed on the will divorced from its real basis — on free will. Similarly, justice is in its turn reduced to the actual laws.*<sup>87</sup>

Two suppositions can be inferred from the passage. Firstly, Marx asserts that the state and its laws, in addition to morals are an expression of the ruling classes' interests. Secondly, he claims, that "justice" is "reduced to the actual laws". Secondly, Marx criticizes the conception that law embody the will of the people and that they represent justice. He seems to accept that there is more to the concept of justice than the laws prevalent in a society at a certain time.

One quotation especially used by those who refuse to view Marx as affirming that justice exists comes in Chapter 21 of *Capital* Volume 3.

*To speak here of natural justice, as Gilbart does (see note), is nonsense. The justice of the transactions between agents of production rests on the fact that these arise as natural consequences out of the production relationships. The juristic forms in which these economic transactions appear as willful acts of the parties concerned, as expressions of their common will and as contracts that may be enforced by law against some individual party, cannot, being mere forms, determine this content. They merely express it. This content is just whenever it corresponds, is appropriate, to the mode of production. It is unjust whenever it contradicts that mode. Slavery on the basis of capitalist production is unjust; likewise fraud in the quality of commodities.*<sup>88</sup>

Marx' accompanying note is

[2] *"That a man who borrows money with a view of making a profit by it, should give some portion of his profit to the lender, is a self-evident principle of natural justice."* (Gilbart, *The History and Principles of Banking*, London, 1834, p.463.)<sup>89</sup>

<sup>87</sup> Marx, *The German Ideology*

<sup>88</sup> Karl Marx, *Capital* Volume 3, 232,

[http://www.marxists.org/archive/marx/works/download/Marx\\_Capital\\_Vol\\_3.pdf](http://www.marxists.org/archive/marx/works/download/Marx_Capital_Vol_3.pdf), Accessed 21.03.2012

<sup>89</sup> Karl Marx, *Capital* Volume 3, 243

Once again, at first sight, it might seem that Marx is denying transhistorical justice. He claims that “to speak of natural justice is nonsense” and that the “content is just whenever it corresponds to the mode of production”. As example, Marx says that under capitalism, slavery is unjust, as well as fraud. However, this interpretation is misleading. Firstly, the passage does not occur in the context of Marx discussing justice. It occurs in a chapter in which Marx analyzes interest bearing capital, most part of which is dedicated to a labor theory of value-analysis of interest. At one point, immediately before the quoted passage, Marx explains:

*It is plain that the possession of £100 gives their owner the power to pocket the interest—that certain portion of profit produced by means of his capital. If he had not given the £100 to the other person, the latter could not have produced any profit, and could not at all have acted as a capitalist with reference to these £100<sup>90</sup>*

Reading these two passages together, as well as the footnote, one can come to a very different conclusion. Firstly, in this particular passage Marx is denying is the natural morality of interest. Secondly, he affirms that interest is not naturally just, but it is just under capitalism, because justice is also a function the way a certain economic operation fits in the general system the production of surplus value. Thus, we can read Marx as claiming that interest might not be naturally/transhistorically just, but that it is just at the particular time and under the particular conception of morality. The passage does not commit Marx to saying that transhistorical justice does not exist, but brings evidence against those who argue that Marx provides an internal criticism of capitalism.

Another passage on which the claim that Marx is a moral relativist relies:

*The cry for an equality of wages rests, therefore, upon a mistake, is an inane wish never to be fulfilled. It is an offspring of that false and superficial radicalism that accepts premises and tries to evade conclusions. Upon the basis of the wages system the value of labouring power is settled like that of every other commodity; and as different kinds of labouring power have*

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<sup>90</sup> Marx, *Capital Volume 3*, 232

*different values, or require different quantities of labour for their production, they must fetch different prices in the labour market. To clamour for equal or even equitable retribution on the basis of the wages system is the same as to clamour for freedom on the basis of the slavery system. What you think just or equitable is out of the question. The question is: What is necessary and unavoidable with a given system of production? After what has been said, it will be seen that the value of labouring power is determined by the value of the necessities required to produce, develop, maintain, and perpetuate the labouring power.*<sup>91</sup>

Marx is interpreted as arguing that the “equal or equitable” distribution does not exist, and that what one thinks about justice is “out of the question”. Rather, “what is necessary and unavoidable” is important. However, this passage provides one of the weakest arguments for the moral relativism thesis. Marx is only claiming that justice cannot exist under the wage system.<sup>92</sup> Thus, one can conclude that he believes the existence of wages as unjust, quite an argument for the opposite camp. Finally, one has to look at the question which this passage is trying to answer which is “What, then, is the *value of labouring power*?”<sup>93</sup> Thus, what Marx is actually arguing is that the value of labor-power is not determined subjectively, or according to what one believes is fair. It is determined objectively, through his labor theory of value.

Two passages about the wage relation have been used to argue that Marx sees the exchange between capitalist and worker as just. The second is quoted by Tucker as conclusive proof for moral relativism.

*The circumstance, that on the one hand the daily sustenance of labour-power costs only half a day's labour, while on the other hand the very same labour-power can work during a whole day, that consequently the value which its use during one day creates, is double what he*

<sup>91</sup> Karl Marx, *Value, Price and Profit*. New York: International Co., Inc, 1969, <http://www.marxists.org/archive/marx/works/download/pdf/value-price-profit.pdf>, Accessed 21.03.2012

<sup>92</sup> Another passage that supports this interpretation is “They ought to understand that, with all the miseries it imposes upon them, the present system simultaneously engenders the *material conditions* and the *social forms* necessary for an economical reconstruction of society. Instead of the *conservative* motto: —*A fair day's wage for a fair day's work!* they ought to inscribe on their banner the *revolutionary* watchword: —*Abolition of the wages system!*” Marx, *Value, Price and Profit*.

<sup>93</sup> Marx, *Value, Price and Profit*.

*pays for that use, this circumstance is, without doubt, a piece of good luck for the buyer, but by no means an injury (injustice)<sup>94</sup> to the seller.<sup>95</sup>*

*What a “subtraction from the worker” is, subtraction of his skin, etc., is not evident. At any rate, in my presentation even, “profit on capital” is in actual fact not “a subtraction from, or robbery of, the worker.” On the contrary, I depict the capitalist as the necessary functionary of capitalist production and demonstrate at great length that he not only “subtracts” or “robs” but enforces the production of surplus value, thus first helping to create what is to be subtracted; what is more, I demonstrate in detail that even if only equivalents were exchanged in the exchange of commodities, the capitalist—as soon as he pays the worker the real value of his labour-power—would have every right, i.e. such right as corresponds to this mode of production, to surplus-value. But all this does not make “profit on capital” the “constitutive” element of value but only proves that the value which is not “constituted” by the labour of the capitalist contains a portion which he can appropriate “legally,” i.e. without infringing the law corresponding to the exchange of commodities.<sup>96</sup>*

These passages have been interpreted as evidence for Marx’ rejection of the transhistorical injustice of capitalism. They seem to point out to Marx’s supposed belief that the wage relationship is just because it corresponds to the prevailing norms of capitalism which also are the only terms of reference. According to this interpretation, it is a piece of pure luck that labor-power is paid, but labor is consumed and that more labor can be used by the capitalist than he pays for. The passage from “Notes on Wagner” has been employed as an argument for Marx’s denial of a robbery taking place in the wage relation. It is argued that Marx is saying that the capitalist is not only necessary, but also appropriates surplus value with full right.

However, the interpretation of these passages as supporting the morally relativist claim is misleading. In the first passage, Marx is speaking about the employment contract and the special characteristic of labor power. According to him, labor power has both an exchange value, which is realized when the worker receives his wages, and a use-value, labor. However, Marx asserts

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<sup>94</sup> The word “injury” in the Marxists.org version is in many other editions translated as “injustice”

<sup>95</sup> Karl Marx, *Capital* Volume 1, Chapter 7, <http://www.marxists.org/archive/marx/works/download/pdf/Capital-Volume-I.pdf>

<sup>96</sup> Karl Marx, *Notes on Adolph Wagner's “Lehrbuch der politischen Ökonomie” (Second Edition), Volume I, 1879*, <http://www.marxists.org/archive/marx/works/1881/01/wagner.htm>



that there is something special about the commodity of labor-power. All commodities have, according to Marx, a use-value and an exchange value. The first is what is usually called “utility” or the satisfaction one derives from the consumption of that commodity. The second is the relative value of one commodity as expressed in other commodities or in money. Thus, the use value of a bushel of corn is a certain number of utility units, but its exchange value is given by a certain price. Labor power is a somehow different commodity, Marx would argue. Its use-value or the utility which a capitalist obtains when buying it is exactly the labor which the worker provides. Its exchange value is given by the wages which the market creates. What is interesting about labor-power is also that, once sold, the buyer can enforce its employment to the greatest extent possible. In other words, the exchange value of labor power is fixed, but its use value is variable according to the wishes of the buyer. This is the buyer’s luck, as Marx asserts, arising out of the specialness of this particular commodity. When Marx claims that it is not an injury/injustice to the seller (the worker) that labor power can be employed to create more value than it has, he is only saying that this holds under the capitalist economic laws and standards of justice, which he mockingly calls, the “eternal laws” of economics:

*What really influenced him was the specific use-value which this commodity possesses of being a source not only of value, but of more value than it has itself. This is the special service that the capitalist expects from labour-power, and in this transaction he acts in accordance with the —eternal laws of the exchange of commodities.<sup>97</sup>*

This understanding of the first passage also illuminates the reading of the second. Marx is arguing that under the economic laws and moral standards prevalent under capitalism, the capitalist helps create what he subtracts from the worker. This makes the extraction of surplus value not a robbery. Even if the capitalist would not have participated in the creation of surplus

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<sup>97</sup> Marx, *Capital* Volume 1, Chapter 7

value, but would pay the worker the full value of labor, he would still be entitled to the surplus value. The final sentence of the second passage points once again to the idea that the capitalist can appropriate surplus value without infringing the laws of capitalist production.

However, all of these hold under capitalism's own conception of justice. When one drops the assumption that Marx is not committed to any transhistorical notion of morality, one can understand these passages as undermining the thesis of an "internal criticism of capitalism". According to Marx, appropriation of surplus value is internally just and capitalism does not break its own promises. It does exactly what it says it does: it allows for the freedom of trade and the free exchange of commodities. The fact that labor-power is a special commodity, which creates more value than it sells for, is a mere accident which benefits some but is morally irrelevant under capitalism.

#### ***1.4. Conclusion***

This chapter has discussed the debates on the literature on whether Marx normatively condemns capitalism. Its aims have been twofold: 1. to show that Marx is not averse to normative condemnation of capitalism and 2. to challenge a consensus in the literature. This consensus holds within part of the literature which argues that Marx actually had normative views on justice and morality. The literature agreed that Marx did indeed have such views but also that he condemned justice and normativity. In other words, he was erratic. The chapter has sought to defend an account which gives Marx the benefit of the doubt: rather than seeing him as an inconsistent writer, his texts are interpreted in the best light possible.

In the view supported by this chapter, Marx sees morality as expressing the relations of production at every single time. While transhistorical morality exists, it cannot be discerned and

formulated except at the end of capitalism, when the class which will bring it into existence takes shape. With the progression of relations of production existing moral norms change, but until the advent of the proletariat, these norms do not express the interests of everybody, but only of the particular ruling classes. Only with the emergence of this class, there come into existence individuals whose class interest coincides with the general interest. Moreover, the communist revolution will create a society in which moral norms and individual interests will no longer conflict.

The task of analyzing the Marxian texts to inquire into their compatibility with justice is necessary even if one cannot firmly establish an answer to how a Marxian theory of justice would look like. Moreover, it is also even more helpful to argue that Marx himself had consistent views on justice, rather than a “muddled” conception. This allows the theorist to know that he is moving on firm ground when building a Marxian theory of justice.

## Chapter 2: A Marxian Theory of Justice

### 2.1.Introduction

Once it has been established that Marx does not deny the existence of universal morality and justice, it can be argued that Marx morally condemns capitalism. Two main arguments for this claim can be made. The first is Cohen's reliance on the robbery metaphor. According to this view, the wage relationship is akin to robbery. It is a way through which the employer "steals" something from the worker. The strong point of this view is that robbery/theft are particularly strong moral concepts. As Cohen himself claims, there is a close moral relationship between theft and injustice: one cannot describe something as robbery and at the same time claim to describe it as a just situation. There is no way to say that presenting something as robbery is nothing else than a non-moral description. The weak point of this line of argument is, however, that Marx uses terms such as "robbery", "embezzlement", "fraud" on rather few occasions in his vast texts. Moreover, the terms are not used consistently and Marx does not explain why he calls the wage relationship robbery in one place and does not call it robbery in another.

The second interpretation is better supported by the textual evidence. However, it requires more arguments to show that the terms Marx uses to describe the labor contract are moralized terms. Marx refers to the labor contract as: "unequal exchange", "unpaid labor", "surplus labor", "augmentation of surplus value is pocketed by him [the capitalist]"<sup>98</sup>, "pays no equivalent [for the surplus labor]", "On the basis of the wages system even the unpaid labour seems to be paid labour"<sup>99</sup>, "The exchange of equivalents, the original operation with which we started, has now become turned round in such a way that there is only an apparent exchange.

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<sup>98</sup> Marx, *Capital* Volume 1, 219.

<sup>99</sup> Marx, *Value, Price and Profit*

This is owing to the fact, first, that the capital which is exchanged for labour power is itself but a portion of the product of others‘ labour appropriated without an equivalent;”<sup>100</sup>.

There is a significant difference between robbery and unequal exchange. Robbery represents taking something by force, coercing someone into a situation in which he or she has only two options and they both involve a loss and then taking something which is legitimately his. There are two morally bad things in robbery: both the taking away of something which legitimately belongs to someone else and the methods by which that is done. Robbery implies threat and physical coercion.

Unequal exchange in a contract is somewhat different from the robbery situation in the sense that it does not involve the threat situation. Therefore, it is harder to argue that unequal exchange is something unjust. Why, after all, do exchanges need to be equal? And what is equal in this case? Some argue that if an exchange is free (not done under direct coercion), there is nothing unjust about it.

The main point which will be argued is that, unlike liberals, Marx viewed inequality and involuntariness of capitalist exchange as deeply interconnected. If the conditions which determine workers to engage in unequal exchanges would be abolished, unequal exchanges themselves would be abolished. According to him fully voluntary but unequal labor exchanges could not exist. Moreover, a thicker conception of voluntary exchange is applied by Marx: workers do not get “robbed” in the traditional sense of having a gun at their head, but because they were forcefully expropriated have no choice but to sell their labor power at prices determined by the capitalists. It remains ambiguous whether he believed the wrong of exploitation is the fact that unequal exchange occurs or the fact that unequal exchange is

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<sup>100</sup> Marx, *Capital* Volume 1, 406.

somehow imposed. Yet, together, these two form a moral basis for condemning capitalism.

While, on the basis of the texts, it will be argued that Marx himself is ambiguous, on a rational reconstruction, a self-ownership based conception of exploitation will be defended.

The argument will proceed as following. Firstly, the chapter will present Marx's theoretical building blocks. It will show that he believed that when looking at both the spheres of exchange and the sphere of production, one can see beyond appearances. These appearances are created by the fact that until now, political economists have been looking only at the sphere of exchange. This has taken place for two reasons: either "vulgar political economists" have been intentionally wrong and have willingly and knowingly served capitalist interests, or real political economists have made honest attempts to investigate the laws of value formation, but failed. Further, the chapter will elaborate the labor theory of value, concept of exploitation and the theory of alienation.

Then, the chapter will show how Marx's conception of a future society relied on an impossible belief of the disappearance of the circumstances of justice. This will be followed by a discussion of two Marxian theories of justice arrived at by interpreting Marx's texts. These, offered by Rodney Peffer and Jeffrey Reiman are constructed through a combination of Rawlsian and Marxian philosophy.

Further, the chapter will offer its own Marxist theory of justice, fully aware that this is a departure (though minor) from the primary texts. The chapter will offer a Rawlsian-Cohenian reading of Marx based on the normative premises of: limited self-ownership, equal initial access to resources, absence of alienation. At this point of the debate, the neo-Marxist literature on the moral wrong of exploitation will be brought in. It will be shown how, due to Marx's own ambiguity on the topic, the literature prevaricates between force-based, distribution-based and

self-ownership based accounts of exploitation. As mentioned above, Marx does not decide in favor of any of these conceptions. On a textual basis, it is therefore impossible to say exactly what Marx believed is morally wrong with exploitation. However, on a rational reconstruction, the chapter will defend a self-ownership based conception of exploitation. It will also elaborate and defend the concept of limited self-ownership as both the best reconstruction of Marx, as internally coherent and as egalitarian. Finally, the chapter will present the principles of this Marxian theory of justice and possible institutional proposals. The last section will be dedicated to distinguishing this account from its rivals.

## ***2.2. Marx: the building blocks***

### **2.2.1. The two spheres-exchange and production**

Marx outlines the thesis of the two spheres in the sixth chapter of *Capital*, volume 1. He does not spare any irony here either:

*Accompanied by Mr. Moneybags and by the possessor of labour-power, we therefore take leave for a time of this noisy sphere, where everything takes place on the surface and in view of all men, and follow them both into the hidden abode of production, on whose threshold there stares us in the face — "No admittance except on business". Here we shall see, not only how capital produces, but how capital is produced. We shall at last force the secret of profit making. This sphere that we are deserting, within whose boundaries the sale and purchase of labour-power goes on, is 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 labour 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 with 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. The only force that brings them together and puts them in relation with each other, is the selfishness, the gain and the private interests of each. Each looks to himself only, and no one troubles himself about the rest, and just because they do so, do they all, in accordance with the pre-established harmony of things, or under the auspices of an all-shrewd providence, work together to their mutual advantage, for the common weal and in the interest of all. On leaving this sphere of simple*

*circulation or of exchange of commodities, which furnishes the — "Free-trader Vulgaris" with his views and ideas, and with the standard by which he judges a society based on capital and wages, we think we can perceive a change in the physiognomy of our dramatis personae. He, who before was the money-owner, now strides in front as capitalist; the possessor of labour-power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but – a hiding.*<sup>101</sup>

Also in Grundrisse, Marx says:

*Thus the exchange turns into its opposite, and the laws of private property -- liberty, equality, property -- property in one's own labour, and free disposition over it -- turn into the worker's propertylessness, and the dispossession [Entäusserung] of his labour, [i.e.] the fact that he relates to it as alien property and vice versa.*<sup>102</sup>

The quote is quite obvious by itself. Marx seeks to show that there is something more to the apparent equal exchange which one sees on the surface. Ironically, he points out to the secret abode in which the semblance of equal exchange is shown to be nothing else but a mere pretense. The sphere of production, in which there is “no admittance except on business” is hidden, but crucial. There, the worker is exploited, and the capitalist gets more than he pays for. On the other hand, in the sphere of exchange, everything seems equal and fair, a “Eden of the innate rights of man”.

Marx also offers reasons as to why some political economists have taken the sphere of exchange as the focal point of capitalism. He distinguishes between “vulgar” political economists and other political economists who have genuinely tried to search for an explanation of value formation and of capitalism. While the latter have been wrong, but at least behaved honestly, the former were nothing but apologists for capitalists. While Marx uses many times the term “vulgar political economists” in *Capital I* and *Capital III* a clear explanation is not of this

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<sup>101</sup> Marx, *Capital* Volume 1, 121

<sup>102</sup> Karl Marx, *Grundrisse der Kritik der Politischen Ökonomie*, (Penguin 1973)  
<http://www.marxists.org/archive/marx/works/1857/grundrisse/>, Accessed 8.05.2012.



distinction is only offered towards the end of *Capital* III and in *Theories of Surplus Value*, a collection of notes which was supposed to represent the fourth volume of *Capital*:

*Vulgar economy actually does no more than interpret, systematize and defend in doctrinaire fashion the conceptions of the agents of bourgeois production who are entrapped in bourgeois production relations.*<sup>103</sup>

*In fact, the vulgar economists—by no means to be confused with the economic investigators we have been criticizing—translate the concepts, motives, etc., of the representatives of the capitalist mode of production who are held in thrall to this system of production and in whose consciousness only its superficial appearance is reflected. They translate them into a doctrinaire language, but they do so from the standpoint of the ruling section, i.e., the capitalists, and their treatment is therefore not naïve and objective, but apologetic.*<sup>104</sup>

By looking exclusively at the sphere of exchange, vulgar political economists have elaborated the “trinity formula”, which divides the sources of value formation in capital, land and labor. These are, according to the vulgar political economists equally sources of value formation and therefore equally morally entitled to obtain revenues from the newly-formed value. In the “trinity formula”, revenues obtained are divided into profit (revenue from capital), ground-rent (revenue from land) and wages (revenue from labor). If capital and land are by themselves loci of value creation, their owners are also entitled to share in the value. Marx seeks to demolish this division and establish his own empirical premise of value creation: the labor theory of value.<sup>105</sup>

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<sup>103</sup> Marx, *Capital* Volume 3, 557

<sup>104</sup> Karl Marx, *Theories of Surplus Value*, Addenda “Revenue and its sources. Vulgar political economy”, <http://www.marxists.org/archive/marx/works/1863/theories-surplus-value/>, Accessed 8.05.2012

<sup>105</sup> One ironic comment goes “Just as products confront the producer as an independent force in capital and capitalists -- who actually are but the personification of capital -- so land becomes personified in the landlord and likewise gets on its hind legs to demand, as an independent force, its share of the product created with its help” Marx, *Capital* Volume 3, Chapter 48.

### 2.2.2. The labor theory of value

There is no way to underestimate the importance of the labor theory of value to the Marxist enterprise. It is the central axis around which the whole Marxist system revolves. It is used to criticize other economists and to outline Marx's other theses on the future of capitalism. It is affirmed countless times in the Marxist works. A very short rendition of the theory is given by Marx in his own permanently repeated formula:

$$C=c+v+s$$

Where C= value of a commodity

c= constant capital-the depreciation of fixed means of production involved in creating the respective commodity

v=variable capital-wages required for the material reproduction of the life of the workers involved in production and the satisfaction of his socially determined needs

s=surplus value

Two other crucial terms in the Marxian theoretical scaffolding are :

s' (rate of surplus value or rate of exploitation) =s/v

p (rate of profit)=s/c

According to Marx, value is an essential property of a commodity. Value is different from price; it is an invariable property, as opposed to price which varies according to supply and demand. Value is determined by the amount of labor socially necessary for its production. Marx' most concise definition of his notion of value is:

*In saying that the value of a commodity is determined by the quantity of labour worked up or crystallized in it, we mean the quantity of labour necessary for its production in a given state of society, under certain social average conditions of production, with a given social average intensity, and average skill of the labour employed*<sup>106</sup>

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<sup>106</sup> Marx, Marx, *Value, Price and Profit*,

Marx uses the term “socially necessary” labor to avoid the easy objection that a specific commodity might be more valuable if a lazier man had taken more time to work on it. According to Marx, the value of some commodity is determined by the average labor-time required for the production of the commodity at the social level.

New value is created according to Marx in the process of production of commodities. It is not created in the market, as the commodity already has a value when it comes to the market. Unlike other economists, Marx specifically seeks to deny that the value of the commodity has anything to do with the demand for it, specifically with the desire other people have for it. Only labor determines the value of the commodity. On the market, the commodity might realize its value or it might not, by being sold or not. But, value remains a property independent of price.

Value is determined according to the formula presented above. The capitalist owns the means of production. At every single production cycle, some part of the means of production depreciates itself. For example, a spinning machine is depreciated through use. Moreover, ancillary material is also consumed. Marx furnishes examples from the spinning process, where flour was used to make the spinning mules work faster. The value of this depreciation is transferred to the final product. Also, this depreciation is incumbent on the capitalist.

The second element is variable capital, or wages paid by the capitalist to the worker. Their amount is equal to that required for a worker to satisfy his socially determined needs.<sup>107</sup> Finally,

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<sup>107</sup> At times Marx has been interpreted as claiming that wages are paid for mere subsistence. But this is wrong, as the following passage from *Capital* volume 1, pg 119 shows.:

“the owner of labour-power works to-day, to-morrow he must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel, and housing, vary according to the climatic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed”

surplus value is what is created in the production process through adding new and unpaid labor to the already existing products. Marx claims that at the beginning of the production process, the initial value is  $C=c+v$ , while at the end,  $C= c+v+s$ .<sup>108</sup>

The creation of surplus value from extra labor in the production process is the defining element in Marx's conception of capitalist production. In every single work, Marx speaks about surplus value: "labor performed for the capitalist", "has the charm of creation out of nothing", "[the capitalist] appropriates without equivalent a portion of the previously materialized labor of others"<sup>109</sup> "that you pay him for the former, but not for the latter"<sup>110</sup>, "it is the same as if he worked 3 days in the week for himself, and 3 days in the week gratis for the capitalist."<sup>111</sup> "That portion of the commodity-value making up the surplus-value does not cost the capitalist anything simply because it costs the labourer unpaid labour"<sup>112</sup>, "on the basis of capitalist production, a certain sum of values represented in money or commodities [...] makes it possible to extract a certain amount of labour gratis from the workers and to appropriate a certain amount of surplus-value, surplus labour,"<sup>113</sup>, "True, in order to create surplus capital II, he had to exchange a part of the value of surplus capital I in the form of means of subsistence for living labour capacity, but the values he gave in that exchange were not values which he originally put into circulation out of his own funds; they were, rather, objectified alien labour which he appropriated without giving any equivalent whatever"<sup>114</sup>

According to Marx, the main reason for which the capitalist is able to appropriate something without equivalent from the worker is that the worker is deprived of any property and

<sup>108</sup> Marx, *Capital* volume 1, 147.

<sup>109</sup> Marx, *Capital* volume 1, 450

<sup>110</sup> Marx, *Capital* volume 1, 155

<sup>111</sup> Marx, *Capital* volume 1, 161

<sup>112</sup> Marx, *Capital* volume 3, 17

<sup>113</sup> Marx, *Theories of Surplus Value*,

<sup>114</sup> Marx, *Grundrisse der Kritik der Politischen Ökonomie* 450,

cannot survive without selling his or her work. Moreover, labor-power, the worker's only saleable commodity has a particular property, mentioned but not detailed above. Other commodities are sold, according to Marx, at their value, which is enough to generate profit, or sometimes, in the case of monopoly prices, above their value creating surplus profits. Sometimes, a capitalist can sell a commodity even below its value and still make a profit. Surplus value, or  $s$ , might not be realized fully, but this does not diminish the fact that the capitalist still makes a profit. Only in very dire situations the capitalist will sell the commodity at a price of  $C=c+v$ , making no profit for himself.

However, labor power is bought in the sphere of exchange and consumed as labor in the sphere of production. Because the capitalist can impose his own terms on the worker, he is able to pay for labor power less than the value of labor bought. As shown above, the capitalist imposes both the price of labor and the duration of the labor day. This allows him to pocket some extra labor. This unequal exchange is aided by the fact that the capitalist owns the means of production and the worker, being dispossessed needs the capitalist to survive.<sup>115</sup> Moreover, in addition to giving the capitalist something extra, the worker also helps capital valorize itself: it breathes life into dead previous labor, not allowing it to decay.<sup>116</sup> A finished product has “absorbed”, according to Marx, the value of the capital depreciation, the paid labor and the unpaid labor: “The time during which the labourer works, is the time during which the capitalist consumes the labour-power he has purchased of him”<sup>117</sup>

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<sup>115</sup> Marx, *Capital* Volume 1, 178

“It takes centuries ere the —free labourer, thanks to the development of capitalistic production, agrees, *i.e.*, is compelled by social conditions, to sell the whole of his active life. his very capacity for work, for the price of the necessities of life, his birth-right for a mess of pottage”

<sup>116</sup> Marx, *Capital* volume 1, 140,

“By the simple addition of a certain quantity of labour, new value is added, and by the quality of this added labour, the original values of the means of production are preserved in the product”

<sup>117</sup> Marx, *Capital* volume 1, 160

In addition to allowing this unequal exchange to take place, this system of organizing production also has major negative consequences for the workers. Marx dedicates a large part of the first volume of *Capital* to describing the way this system affects the dispossessed workers. The passages in which Marx deplored the fate of the English working classes have been used to show that he believed that capitalism is unjust. In the view of this paper, these passages do not by themselves prove that Marx held this view. The work is done by the premises mentioned above. However, Marx's opinions on the consequences of capitalism lend a powerful argument for those who support the claim that he morally condemns capitalism.

Marx believed that because capitalism was founded on the competition between property owners, there is an inherent tendency in the system to increase production. This can be done either through extending the working day or through increasing the productivity of the means of production. This is also done in two ways: through technological innovation or through using the same means of production in a more intense fashion. Alternatively, the capitalists employ more people, for example women and children. Marx states that the capitalist system generally does all of these at the same time. The permanent increase of the working day, the bad work conditions, the inability to educate oneself and the insufficient wages which capitalists pay have extremely negative consequences on workers.

According to Marx, workers are constantly underfed (he quotes a report which states that among the working class "defective diet is the cause or the aggravator of disease"<sup>118</sup>), undereducated, poor, dirty, plagued by disease and die early. Marx also takes some time to delve

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<sup>118</sup> Marx, *Capital* volume 1, 452 Also, from the same report:

"Long before insufficiency of diet is a matter of hygienic concern, long before the physiologist would think of counting the grains of nitrogen and carbon which intervene between life and starvation, the household will have been utterly destitute of material comfort; clothing and fuel will have been even scantier than food – against inclemencies of weather there will have been no adequate protection – dwelling space will have been stinted to the degree in which overcrowding produces or increases disease"

on the absence of education for the children of the workers. Because they begin working at an early age, they do not get to go to school and wherever the state had imposed limitations on the work of children and had forced them into schools, these are badly staffed and offer not even a semblance of education. Marx speaks of the “degeneration of the industrial population”, “the physical and mental degradation and the torture of over-work. He also quotes many reports on the implementation of several Factory Acts and on the situation of the children of workers who suffer from the “intellectual desolation artificially produced by converting immature human beings into mere machines”<sup>119</sup> He also describes capital, as a “dead labour, that, vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks”, having a “were-wolf hunger for surplus labour” and stealing the time for “consumption of fresh air and sunlight”<sup>120</sup>

Finally, Marx also complains about the degeneration in sexual morality which capitalism and poverty creates. He describes the bands of the rural proletariat who have to work from early morning to night and many times march long miles to reach their place of work. He also mentions that “the getting with child of girls of 13 and 14 by their male companions of the same age is common. The open villages which supply the contingent of the gang, become Sodoms and Gomorrahs”<sup>121</sup>

### **2.2.3. The theory of alienation**

The theory of alienation should be introduced as one of Marx’s theoretical building blocks. In addition to the moral right over resources, Marx believes that the “full development of

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<sup>119</sup> Marx, *Capital*, volume 1,

<sup>120</sup> Marx, *Capital* volume 1, 160

<sup>121</sup> Marx, *Capital*, volume 1, 475.

the individuality”<sup>122</sup> is a moral goal. Capitalism could also be criticized because it hampers this full development and turns people away from their creative powers. Creativity is one of man’s essential features, which distinguishes him from other animals and creativity is essentially manifested in labor. Individuals who manifest their creativity in labor realize themselves; they put a part of their personality into the product of their labor. Moreover, labor allows individuals to become specialized and overcome obstacles in an activity, developing themselves. When, on the other hand, work is performed only for survival, when it is monotonous and when the worker is separated from the product of his work, then alienation occurs. Moreover, when individuals are alienated from their work, they also alienate themselves from each others. A system which furthers alienation for a large part of the population can only be morally condemnable.

Unlike animals, who produce only for survival, humans also produce purposively; they subordinate the productive activity to their own consciousness:

*Admittedly animals also produce. They build themselves nests, dwellings, like the bees, beavers, ants, etc. But an animal only produces what it immediately needs for itself or its young. [...] Man makes his life activity itself the object of his will and of his consciousness. He has conscious life activity. It is not a determination with which he directly merges. Conscious life activity distinguishes man immediately from animal life activity*<sup>123</sup>

However, under capitalism, workers sell, together with their labor power, also the control they have over their creative capacities for the duration of the working time:

*It is clear, therefore, that the worker cannot become rich in this exchange, since, in exchange for his labour capacity as a fixed, available magnitude, he surrenders its creative power, like Esau his birthright for a mess of pottage [...] “What the worker exchanges with capital is his labour itself (the capacity of disposing over it); he divests himself of it [entäussert sie]. What he obtains as price is the value of this divestiture [Entäusserung] [...] these external conditions of his being [...] rules over him through his own actions’*<sup>124</sup>

<sup>122</sup> Marx, *Capital*, Vol.3, Chapter 49, p 595

<sup>123</sup> Karl Marx, *Economic & Philosophic Manuscripts of 1844*, First Manuscript- “Estranged Labor” <http://www.marxists.org/archive/marx/works/1844/manuscripts/preface.htm>, Accessed 8.05.2012

<sup>124</sup> Marx, *Grundrisse*, p 150



The results of this divestment are disastrous, Marx affirms. The individual is reduced to his animal functions, there is an estrangement of man from man and estranged labor turns his “species property into something alien from him”. Estrangement happens both vertically and horizontally. Workers are estranged from capitalists and from each other. Inter-human relations turn to economic relations.<sup>125</sup> Finally, economic inequality and absence of access to material resources deeply affect the intellectual development of the workers:

*Political economy conceals the estrangement inherent in the nature of labor by not considering the direct relationship between the worker (labor) and production. It is true that labor produces for the rich wonderful things – but for the worker it produces privation. It produces palaces – but for the worker, hovels. It produces beauty – but for the worker, deformity. It replaces labor by machines, but it throws one section of the workers back into barbarous types of labor and it turns the other section into a machine. It produces intelligence – but for the worker, stupidity, cretinism<sup>126</sup>*

Opposed to alienation, stands self-realization, the normative ideal to be realized, when “work has become life’s prime want”:

*But Smith has no inkling whatever that this overcoming of obstacles is in itself a liberating activity -- and that, further, the external aims become stripped of the semblance of merely external natural urgencies, and become posited as aims which the individual himself posits -- hence as self-realization, objectification of the subject, hence real freedom, whose action is, precisely, labour. He is right, of course, that, in its historic forms as slave-labour, serf-labour, and wage-labour, labour always appears as repulsive, always as external forced labour; and not-labour, by contrast, as 'freedom, and happiness'<sup>127</sup>*

*Let us suppose that we had carried out production as human beings. Each of us would have in two ways affirmed himself and the other person. 1) In my production I would have objectified my individuality, its specific character, and therefore enjoyed not only an individual manifestation of my life during the activity, but also when looking at the object I would have the individual pleasure of knowing my personality to be objective, visible to the senses and hence a power beyond all doubt. 2) In your enjoyment or use of my product I would*

<sup>125</sup> Marx, *Economic & Philosophic Manuscripts of 1844*, Estranged labor.

<sup>126</sup> Marx, *Economic & Philosophic Manuscripts of 1844*, Estranged labor

<sup>127</sup> Marx, *Grundrisse*, p 324.

*have the direct enjoyment both of being conscious of having satisfied a human need by my work, that is, of having objectified man's essential nature, and of having thus created an object corresponding to the need of another man's essential nature. 3) I would have been for you the mediator between you and the species, and therefore would become recognised and felt by you yourself as a completion of your own essential nature and as a necessary part of yourself, and consequently would know myself to be confirmed both in your thought and your love. 4) In the individual expression of my life I would have directly created your expression of your life, and therefore in my individual activity I would have directly confirmed and realised my true nature, my human nature, my communal nature.*<sup>128</sup>

#### **2.2.4 The forms of profit-just and unjust inequalities**

Another distinction crucial to the Marxist work, but quite under-utilized in Marxist normative theory, is that between the forms of profit. It is, once again, an empirical distinction, but leads to major normative consequences. By analyzing what Marx saw as the way that surplus value is divided in an economy, one can see what type of society he would envision as just. Moreover, during the discussion on the forms of profit, Marx makes several comments as to what he believes is a legitimate compensation for those not directly engaged in the production of surplus value and what is not. The main sources for this distinction are the third volume of *Capital* and the Appendix to the *Theories of Surplus Value*.

Marx distinguishes between three forms of profit: profit of enterprise/wages of supervision, interest and ground-rent. All three are part of the surplus value created in the process of production, of the  $s$  in the equation of value presented above ( $s=pe+gr+i$ ). Profit of enterprise, or commercial profit or wages of supervision is that part of the surplus value which accrues to the capitalist in his function as a supervisor and organizer of labor. In other words, Elster's purely capitalist entrepreneur would receive only profit of enterprise. Interest, in the Marxist understanding of the term is the compensation which the owner of the capital gets simply in virtue of his ownership.

<sup>128</sup> Karl Marx, *Comments on James Mill*, <http://www.marxists.org/archive/marx/works/1844/james-mill/>, Accessed 12.10.2012.

An ambiguity emerges in Marx when he discusses interest. Firstly, he uses the term in the common sense, of interest to be paid to the bank on a loan. He argues, therefore, that interest is nothing else than the benefit which one receives for owning capital, because he sees taking an investment loan from the bank as a way of borrowing capital. In the case in which the borrower owns nothing before the loan, everything that he pays back to the bank is nothing else but the price of having used another's capital productively for a while. Afterwards, Marx concludes that when the capitalist both supervises labor and owns means of production, he appropriates both the proceeds of his labor of supervision and the advantages he gets from owning capital.

*The functioning capitalist is here assumed as a non-owner of capital. Ownership of the capital is represented in relation to him by the money-capitalist, the lender. The interest he pays to the latter thus appears as that portion of gross profit which is due to the ownership of capital as such. As distinct from this, that portion of profit which falls to the active capitalist appears now as profit of enterprise, deriving solely from the operations, or functions, which he performs with the capital in the process of reproduction, hence particularly those functions which he performs as entrepreneur in industry or commerce.*<sup>129</sup>

*Interest, as distinct from profit, represents the value of mere ownership of capital—i.e., it transforms the ownership of money (of a sum of values, commodities, whatever the form may be) in itself, into ownership of capital, and consequently commodities or money as such into self-expanding values[...]*

*The further "ossification" or transformation of the division of profit into something independent appears in such a way that the profit on every single capital—and therefore also the average profit based on the equalisation of capitals—is split or divided into two component parts separated from, or independent of, each other, namely, interest and industrial profit, which is now sometimes called simply profit or acquires new names such as wages of labour of superintendence, etc. [...]*

*Industrial profit is resolved into labour, not into unpaid labour of other people but into wage-labour, into wages for the capitalist, who in this case is placed into the same category as the wage-worker and is merely a more highly paid worker, just as in general wages vary greatly.*<sup>130</sup>

Thirdly, ground-rent is another form of profit. It emerges from the ownership of land. However, unlike simple means of production, such as machines, land has a special property:

<sup>129</sup> Marx, *Capital*, Vol.3 Chapter 23, pg 256

<sup>130</sup> Marx, *Theories of Surplus Value*, Appendix

different pieces of land are differently fertile, but the baseline price is given by the least productive land. When someone possesses a more fertile land and capitalizes on that as opposed to the baseline price, this extra money is ground-rent. The extra money is generated by the fact that the market price is high, being given by the least productive land. However, owning a more productive piece of land, allows one to produce cheaper and gain more. Marx offers the following example: let us assume a market in which the vast majority of producers employ steam power in their production and their production costs are 100. They sell their product at 115 on the market. However, some producers, on their land possess rivers which allow them to employ water power as opposed to steam power. This decreases their production costs to 90, but they continue to sell their product at 115. They make a profit of 25 as opposed to the 15 of the other producers. The extra 10 is ground-rent.<sup>131</sup>

*Interest” is the fruit of capital insofar as it does not “work” or operate, and profit is the fruit of “working”, operating capital. This is similar to the way in which the farming capitalist—who is at the same time also a landowner, the owner of the soil which he exploits in capitalist fashion—assigns that part of his profit which constitutes rent, this surplus profit, to himself not as capitalist but as landowner, attributing it not to capital but to landed property so that he, the capitalist, owes himself “rent” as a landowner.*<sup>132</sup>

Marx believes that profit of enterprise is a legitimate form of income while interest and ground rent are not. This allows one to show that Marx was not indifferent to the incentive problem: he was aware that some people can determine a large amount of production by organization and supervision and that these people deserve rewards even when not engaged in the production process. These rewards might even be somehow greater, because the labor is valuable. To compare different labors, Marx believed that they can all be reduced to simple labor and then skilled labor would be valued higher while intelligent supervision and organization

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<sup>131</sup> Marx, *Capital*, Vol.3 Chapter 38.

<sup>132</sup> Marx, *Theories of Surplus Value*, Appendix

even more. Yet, differential rewards arising simply out of ownership, especially when this ownership violated the initial rights of equal access, were not morally justified.

*The wages of management both for the commercial and industrial manager are completely isolated from the profits of enterprise in the co-operative factories of labourers, as well as in capitalist stock companies. The separation of wages of management from profits of enterprise, purely accidental at other times, is here constant. In a co-operative factory the antagonistic nature of the labour of supervision disappears, because the manager is paid by the labourers instead of representing capital counterposed to them.[...]*

*The labour of priests will end with the existence of the priests themselves and, in the same way, the labour which the capitalist performs qua capitalist, or causes to be performed by someone else, will end together with the existence of the capitalists. Incidentally, these apologetics aimed at reducing profit to wages, i.e., the wages of superintendence, boomerang on the apologists themselves, for English ||919| socialists have rightly declared: Well, in future, you shall only draw the wages usually paid to managers. Your industrial profit should not be reduced to wages of superintendence or direction of labour merely in words, but in practice[...]*

*Insofar as the labour of the capitalist does not arise from the [production] process as a capitalist production process, and therefore disappears automatically with the disappearance of capital, i.e., insofar as it is not simply a name for the function of exploiting other people's labour, but insofar as it arises from the social form of labour—co-operation, division of labour, etc.—it is just as independent of capital as is this form [of labour] itself once it has stripped off its capitalist integument.<sup>133</sup>*

Marx is claiming that the labor of superintendence will not disappear in any future society, that it is analytically separable from ownership and that in cooperative factory superintendence will occur. Thus, he seems to endorse the claim that the differential reward of superintendence is justified and separable from the ownership which will disappear in communism.

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<sup>133</sup> Marx, *Theories of Surplus Value*, Appendix

## 2.3. A Marxian theory of Justice

### 2.3.1. Preliminaries-the cryptic communism

One of the crucial points in the literature has been the almost universal consensus on the point of Marx's "absurdity". According to this conception Marx believed that the society which will come after capitalism will be one beyond the circumstances of justice. In other words, Marx holds a hopeless as opposed to a realistic utopia. According to this conception, either the objective circumstances of justice or only the subjective ones or both would disappear in communism. Almost each author holds a variation of this view, the only exception being Norman Geras. He claims that Marx believed in a realization of needs as compared to a baseline of "reasonableness" rather than a baseline of unlimited needs. However, he mostly asserts rather than proves this point.

The conception which Marx held on the circumstances of justice is important in the formulation of any theory of justice. If Marx did entertain an absurdity, then any normative theory derived from his texts is an interpretation, but cannot be meaningfully claimed to be the Marxist theory of justice. A similar view is adopted by Rodney Pepper.<sup>134</sup> The situation is different if one could prove that Marx was not hopelessly utopian. This chapter will side with the first interpretation and will accept that a formulation of a theory based on Marx's texts must start from the essential premise that Marx himself held an unrealistic conception of the future society, one beyond the circumstances of justice.

Firstly, throughout his economic works, Marx describes the society of the future as one which will be governed in common, by producers associating and subjecting the productive processes to a rational plan. However, little is specified as to the details. The terms "associated

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<sup>134</sup> Rodney G. Pepper, *Marxism, Morality, and Social Justice*, Princeton, N.J: Princeton University Press, May 1990 , 11

producers” and “rational plan” appear several times in the text. However, in some of the texts Marx prevaricates as to whether the “rational plan” and “associated producers” belong to a final stage of history or to a transitional phase.

*The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan[ ...]Labour time would, in that case, play a double part. Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of the common labour borne by each individual, and of his share in the part of the total product destined for individual consumption.<sup>135</sup>*

*This result of the ultimate development of capitalist production is a necessary transitional phase towards the reconversion of capital into the property of producers, although no longer as the private property of the individual producers, but rather as the property of associated producers, as outright social property[ ...]The co-operative factories of the labourers themselves represent within the old form the first sprouts of the new, although they naturally reproduce, and must reproduce, everywhere in their actual organization all the shortcomings of the prevailing system. But the antithesis between capital and labour is overcome within them, if at first only by way of making the associated labourers into their own capitalist, i.e., by enabling them to use the means of production for the employment of their own labour. They show how a new mode of production naturally grows out of an old one.<sup>136</sup>*

The first passage is part of the first volume of *Capital*. In its context, it suggests that Marx believed remuneration according to labor time is part of society which will come after capitalism. Moreover, this society is not one beyond justice, as a principle of distribution is needed. The second passage speaks of the producers taking property of their own means of production in a transitional phase in which the shortcomings of the old will still be reproduced.

Two quotes have been used as the textual basis of the argument that Marx believes in a society beyond the objective circumstances of justice:

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<sup>135</sup> Marx, *Capital* Volume 1, Chapter 1, Pg 51

<sup>136</sup> Marx, *Capital*, Vol.3 Chapter 27, pg 302

*Just as the savage must wrestle with Nature to satisfy his wants, to maintain and reproduce life, so must civilised man, and he must do so in all social formations and under all possible modes of production. With his development this realm of physical necessity expands as a result of his wants; but, at the same time, the forces of production which satisfy these wants also increase. Freedom in this field can only consist in socialised man, the associated producers, rationally regulating their interchange with Nature, bringing it under their common control, instead of being ruled by it as by the blind forces of Nature; and achieving this with the least expenditure of energy and under conditions most favourable to, and worthy of, their human nature. But it nonetheless still remains a realm of necessity. Beyond it begins that development of human energy which is an end in itself, the true realm of freedom, which, however, can blossom forth only with this realm of necessity as its basis. The shortening of the working-day is its basic prerequisite.<sup>137</sup>*

*But these defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. Right can never be higher than the economic structure of society and its cultural development conditioned thereby. In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but life's prime want; after the productive forces have also increased with the all-around development of the individual, and all the springs of co-operative wealth flow more abundantly -- only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!<sup>138</sup>*

Both quotes show that Marx clearly believed another form of social organization would supersede the one based on retribution according to labor time. Very little is said except vagaries, but it is clear that there will be something after and different from the realm of necessity. Marx never mentions the terms “abundance” or “unlimited”, but he expressly says that “necessity” will be overcome and that the “all-round development of the individual” will be enacted. Moreover, alienating work would be prevailed over, since work will become “life’s prime want”. However, it is unrealistic to imagine that at any time there will be enough resources to eliminate conflicting claims and that all work will be pleasant. In the end, work is work exactly because it is done for remuneration rather than for other types of compensation.

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<sup>137</sup> Marx, *Capital*, Vol.3 Chapter 48, pg 559

<sup>138</sup> Marx, *Critique of the Gotha Programme*



Moreover, at this point the only argument in the literature in favor of the claim that Marx did not see a society of limitless abundance or “entertain an absurdity” should be rejected.

Norman Geras affirms this by claiming that

*“While it will not do simply to take it as a matter of course that Marx cannot have entertained an absurdity, it is also not legitimate to impute this sort of thing to him without some textual basis for doing so, and there is no such basis. His reflections in the third volume of Capital on the persistence of ‘the realm of necessity’ betoken an altogether more sober vision of communist abundance.”*<sup>139</sup>

Geras misquotes the passage in *Capital* 3, and sees Marx as claiming that a realm of necessity would linger. However, Marx is referring only to the first stage, of socialism as a “realm of necessity”. “Beyond it” begins real communism, Marx’s hopeless utopia.

The disappearance of the subjective circumstances of justice has been argued on the basis of *On The Jewish Question*. Several pieces of the work are worth quoting.

*Therefore, we do not say to the Jews, as Bauer does: You cannot be emancipated politically without emancipating yourselves radically from Judaism. On the contrary, we tell them: Because you can be emancipated politically without renouncing Judaism completely and incontrovertibly, political emancipation itself is not human emancipation[...]*

*None of the so-called rights of man, therefore, go beyond egoistic man, beyond man as a member of civil society – that is, an individual withdrawn into himself, into the confines of his private interests and private caprice, and separated from the community. In the rights of man, he is far from being conceived as a species-being; on the contrary, species-like itself, society, appears as a framework external to the individuals, as a restriction of their original independence. The sole bond holding them together is natural necessity, need and private interest, the preservation of their property and their egoistic selves.[...]*

*Only when the real, individual man re-absorbs in himself the abstract citizen, and as an individual human being has become a species-being in his everyday life, in his particular work, and in his particular situation, only when man has recognized and organized his “own powers” as social powers, and, consequently, no longer separates social power from himself in the shape of political power, only then will human emancipation have been accomplished.*<sup>140</sup>

<sup>139</sup> Geras, “The Controversy About Marx and Justice”, 82

<sup>140</sup> Karl Marx, *On the Jewish Question*, <http://www.marxists.org/archive/marx/works/1844/jewish-question/index.htm>, Accessed 15.05.2012

Marx is not necessarily very clear, but he distinguishes between man as he is in capitalism and liberal democracy, possessing human rights granted by society and man as he will be after the accomplishment of human emancipation. Marx asserts that human rights are useful for “egoistic” man and that truly emancipated humans will “re-absorb” the abstract citizen. While not specifically clear, one can impute an interpretation according to which communism will lead to a development of humans away from making conflicting claims and will reconcile individuals with each other and with the community. Man will become a “species-being” and the subjective circumstances of justice will disappear.

Since enough textual evidence exists to claim that Marx held on to an absurd theory of the development of human nature and productive forces, a theory of justice built on this foundation should proceed with care. However, plenty of resources in the text allow the development of such a theory, even if there is some departure from this absurd feature which Marx has.

### **2.3.2. Marxian theories of justice**

While the literature has focused mainly on whether Marx can be interpreted as having a normative theory, two authors have went further and have aimed to build a Marxian theory of justice. Both these theories, however, do not see themselves as freestanding theories but as modifications to Rawls’ theory of justice. Moreover, unlike Rawls who offers the kernel of a Marxian left-libertarian theory which this thesis also defends, Rodney Peffer and Jeffrey Reiman propose freedom-based theories of Marxian justice. In their view, Marx is essentially concerned with maximizing the good of freedom (understood as something more than negative freedom and more akin to self-realization). For different reasons, they believe that Marx and Rawls are not

distinctly apart and that their theories can be merged. This approach will be criticized below and then a defense of the self-ownership conception will be offered. One is left to wonder if Rawls himself saw differences between his own work and Marx', then why others have come to believe that they can be merged.

Two major differences in the works of Peffer and Reiman can be discerned from those mentioned in the previous chapter. Firstly, they do not attempt to find Marx's theory of justice, but to build their own, taking elements from Marx. This is also the approach of this thesis. When it comes to actual textual interpretation, Peffer does not diverge from the consensus in the "pro-justice" camp: that Marx condemns capitalism as unjust even though he does not see himself as doing so.<sup>141</sup> Reiman also makes a similar statement: that Marx inadvertently shifts from the communist conception of justice to the current (capitalist) conception when saying that extraction of unpaid labor is not an injustice.<sup>142</sup> Moreover, when discussing Marx and morality, Peffer also believes that Marx operated with a "muddled" concept of morality and had he been aware of recent advances in moral theory, he would not have supported an ethical relativist conception. Even more, Peffer believes that Marx was condemning morality also because the use of the term in Marx' time was synonymous with supporting the inegalitarian status quo, one which stunted individuals rather than helped their self-development.<sup>143</sup>

Secondly, within this departure from the texts, they interpret Marx' conception of self-realization as part of the value of freedom, rather than of a perfectionist theory of the good. While Elster believes (see the previous chapter) that Marx holds a perfectionist theory and that he aims to maximize self-realization, Peffer and Reiman believe Marx is attached to freedom, of

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<sup>141</sup> Peffer, *Marxism, Morality, and Social Justice*, 339.

<sup>142</sup> Reiman, *As Free and as Just as Possible*, 64.

<sup>143</sup> Peffer, *Marxism, Morality, and Social Justice*, 259

which self-realization is only a part of. This allows them to escape the problem of being asked whether a Marxist theory requires that everyone realizes himself or “is forced to be free”.

Moreover, their interpretative license offers the chance to also evade the possible objection that Marx is utopian when claiming that individuals could or must realize all their capacities (shepherding and literary criticism at the same time).<sup>144</sup>

Peffer builds his Marxian theory of justice from several premises. Firstly, a premise similar to this thesis’ is that while Marx might not have a fully developed theory of justice, his texts are sufficiently amenable to interpretations. Secondly, that even though Marx might have believed in the disappearance of the circumstances of justice in the final stage of communism, it is not useless to try to specify principles of Marxian justice. They might be applicable in the lower stage, socialism. Moreover, communism, with its utopian character might not be reachable. Finally, a socialist society, in addition to a theory of distributive justice would also require a theory of political obligation, to specify why the citizens owe allegiance to the state.<sup>145</sup>

Peffer begins his elaboration by arguing that Marx is committed to the value of freedom understood as self-determination. Moreover, Peffer goes on to claim that Marx also has a theory of the good, understood as self-realization through labor. However, Peffer believes that similarly to Rawls, Marx favors the right over the good and would be against paternalistically forcing people to do activities which promote self-realization or the value of community.<sup>146</sup> Moreover, he rejects the idea that Marx is not a moral philosopher because he does not speak in moral terms. Rather, Peffer argues that Marx seeks to maximize the supposedly non-moral good of freedom. Peffer criticizes Allan Wood for the “Marx-as-anti-moralist” interpretation and claims

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<sup>144</sup> Peffer directly rejects these objection in, *Marxism, Morality, and Social Justice*, 132

<sup>145</sup> Peffer, *Marxism, Morality, and Social Justice*, 13.

<sup>146</sup> Peffer, *Marxism, Morality, and Social Justice*, 116

that a theory of maximizing a non-moral good is also a moral theory. Peffer shows that because Marx' theory is universalizable, prescriptive and based on considerations of human harm and human good, it is a moral one. Further, Peffer aims to attack Wood by pointing to the contradictory results of his view. Peffer claims that if Wood was right about what a moral theory is, then Mill's and Kant's theories are not moral theories either.<sup>147</sup>

Peffer further elaborates the Marxist concept of freedom as self-determination through a comparison with Berlin's negative freedom. Peffer believes that one can interpret Marx's texts in light of a theory of positive freedom. In addition to negative liberties and material goods necessary to achieve this freedom as self-realization, Peffer argues that widespread democracy is necessary. Moreover, Peffer believes that the means of self-realization are nothing else but Rawls' primary goods.<sup>148</sup> Further, Peffer maintains that Marx did not really criticize the concept of rights in the *On the Jewish Question*. Alternatively he claims that Marx attacked the XIXth century interpretation of the term "rights", as only to negative rights. Peffer claims that, if Marx had been informed of the concept of positive rights, he would have, at least partially, supported them, until the advent of a communist society of full abundance. In Rawlsian terms, Peffer claims that Marx did not attack the concept of rights per se but the absence of the worth of rights from the bourgeois conception.<sup>149</sup>

After establishing these premises Peffer offers a set of principles of justice. Firstly, he describes a theory of justice based on maximum equal positive freedom, which he attributes

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<sup>147</sup> Peffer, *Marxism, Morality, and Social Justice*, 183.

<sup>148</sup> Peffer, *Marxism, Morality, and Social Justice*, 131.

<sup>149</sup> Peffer, *Marxism, Morality, and Social Justice*, 330

directly to Marx.<sup>150</sup> Then, he maintains that this theory needs to be modified and offers the following adjustments to Marx' and Rawls' theory.

(1) *Everyone's basic security and subsistence rights are to be met: that is, everyone's physical integrity is to be respected and everyone is to be guaranteed a minimum level of material well-being including basic needs, i.e., those needs that must be met in order to remain a normally functioning human being.*

(2) *There is to be a maximum system of equal basic liberties, including freedom of speech and assembly, liberty of conscience and freedom of thought, freedom of the person along with the right to hold (personal) property, and freedom from arbitrary arrest and seizure as defined by the concept of the rule of law.*

(3) *There is to be (a) equal opportunity to attain social positions and offices, and (b) an equal right to participate in all social decision-making processes within institutions of which one is a part.*

(4) *Social and economic inequalities are justified if and only if they benefit the least advantaged, consistent with the just savings principle, but are not to exceed levels that will seriously undermine equal worth of liberty or the good of self-respect.*<sup>151</sup>

The second freedom-based Marxian theory of justice is Jeffrey Reiman's, entitled Marxian Liberalism, and presented in his latest book, *As Free and As Just as Possible*. Similarly to Peffer, Reiman presents his theory as one of reconciliation between socialists and liberals, combining elements from both Marx and Rawls. Reiman takes up his previous notion of structural force (see below) and argues that private property is coercive, in the sense that it offers some the opportunity to coerce others into doing their bidding. Reiman argues that:

*Since property in means of production gave its owners control over the opportunities for gainful employment, it gave them leverage over the great majority of humanity who did not own means of production Those people would have to work for the owners – the capitalists – in order to gain a living, which is to say, in order to live at all. Here is the special coerciveness that Marx saw in private ownership of means of production*<sup>152</sup>

Reiman builds an eclectic theory, taking elements from several philosophers. Firstly, he argues that people have a natural interest in liberty, due to their equality and independence. He

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<sup>150</sup> Peffer, *Marxism, Morality, and Social Justice*, 417.

<sup>151</sup> Peffer, *Marxism, Morality, and Social Justice*, 14

<sup>152</sup> Reiman, *As Free and as Just as Possible* 13

takes this account from Locke. This, unlike in Rawls, is a pre-political interest with which parties come already at the deliberations in the original position. Secondly, from Marx, Reiman takes the claim that parties view private property as potentially coercive. He aims to introduce the conception of structural force (see below) and the coercion caused by private property in the deliberation of parties in the original position. In Reiman's theory, private property is coercive for those who do not own it.<sup>153</sup> Then, Reiman interprets economic exchanges in a society as a form of entitlement each person has to each others' labor. This allows him to offer a "labor theory of the difference principle"<sup>154</sup>, in which society limits the amount of labor time the better endowed can demand of the less well endowed in exchange for higher productivity. Reiman calls this the fungibility of material and social subjugation. Social subjugation is that which occurs when people trade unequal amounts of labor while material subjugation is caused by lacking access to material resources. In Reiman's view, they can be interchanged, with more social subjugation being a solution to less material subjugation. The difference principle is in Reiman's view, the solution to the problem of limiting unequal exchanges of labor to the minimum necessary to elicit the highest material productivity and the least material subjugation.<sup>155</sup>

Then, Reiman constructs a "Marxian-Liberal" original position, in which parties are aware of the issues discussed above. In this situation, parties aim to minimize social and material subjugation. This is done by agreeing to the difference principle as the limit of inequalities. In Reiman's view, parties in this original position would agree to three principles: one of equal liberties guaranteed at their fair value, one which limits material inequalities by the "difference

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<sup>153</sup> Reiman, like Peffer, argues that Marx is committed to individual liberty. Precisely because of this commitment, according to Reiman, Marx criticizes the XIXth century notions of unlimited private property, Reiman, *As Free and as Just as Possible*, 14

<sup>154</sup> Reiman takes the same view of the labor theory of value as Cohen: that it is neither a theory of price formation nor that there is a "mystical" substance called value. Rather, the focus is on the morality the employment relation in which some people work for others Reiman, *As Free and as Just as Possible*, 18

<sup>155</sup> Reiman, *As Free and as Just as Possible*, Chapters 2-5.

principle understood in terms of the moral version of the labor theory of value-with the proviso that workers can trade increases in their material standard of living in exchange for reduced labor time compatible with efficient production” and a last principle prohibiting coercion beyond that necessary for implementing the two previous principles.<sup>156</sup> Finally, according to Reiman, the three principles would be consistent with a property owning democracy which includes a right to workplace democracy. Moreover, Reiman does not believe in the necessity of a principle of equality of opportunity because this is covered by the absence of structural coercion.<sup>157</sup>

Reiman also seeks to present his theory as being different from a left-libertarian one. He interprets left-libertarianism as a position which holds that humans own themselves and own the world in common. He believes that the right of liberty is akin to self-ownership but that the latter should be a derivative as opposed to a foundational value. Reiman argues that: “Marxian Liberalism seems promising for the same reasons, plus it has the virtue of being simpler, since it starts with one moral principle – the right to liberty – rather than two”<sup>158</sup>

### **2.3.3. A left-libertarian Marxian Theory of Justice**

The interpretation offered by this chapter relies on, expands and defends a Rawlsian-Cohenian interpretation of Marx. Both authors assimilate the Marxist theory of legitimate ownership with the left-libertarian one.<sup>159</sup> Rawls contrasts left-libertarianism with right libertarianism and argues that the central pillar of both theories is self-ownership. However,

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<sup>156</sup> Reiman, *As Free and as Just as Possible*, 182.

<sup>157</sup> Reiman claims he does not follow traditional liberalism in maintaining the division between aspects pertaining to negative liberty and aspects pertaining to the distribution of goods. Rather, all are subsumed under freedom Reiman, *As Free and as Just as Possible*, Chapter 7, also pg 28.

<sup>158</sup> Reiman, *As Free and as Just as Possible*, 2

<sup>159</sup> “I would not say that Marx is a left-libertarian, as he certainly would not put it this way. But it is a view that fits what he says in several respects” Rawls, *Lectures on the History of Political Philosophy*, 367.



while right-libertarianism argues that people can acquire almost unlimited property rights over nature, left-libertarianism denies this. Then, Rawls offers three reasons for which Marx's theory would fit a left-libertarian interpretation.

Firstly, Rawls argues that a theory of equal initial access to resources would explain Marx's criticism of capitalism. It would ground Marx's condemnation of class monopoly. Secondly, Rawls shows that left-libertarianism explains the absence of any relational principle of justice in Marx' work. According to Rawls, in Marx's theory, the better endowed do not need to earn their shares in a way that increases the share of the least well-off. What everyone has to do is to respect each other's very strong initial natural rights. Finally, Rawls believes that a left-libertarian interpretation is also coherent with Marx' claim in *The German Ideology* that a communist society would be one in which moral teaching would be abolished, because conflicts of interests would disappear.<sup>160</sup> Similarly to Rawls, G.A. Cohen also believes that Marx held on to self-ownership, and sees this as a reason to abandon some key Marxist tenets. He focuses on the apparent conflict between the libertarian and the egalitarian strains in Marx and chooses to reject the former in favor of the latter.

#### *2.3.3.1. Marx' normative premises 1: limited self-ownership, equal initial access to resources (joint world ownership).*

Any theory of justice needs to establish some morally relevant facts according to which to evaluate society. One of the main reasons for which Marx has been interpreted as a non-moral critic of capitalism is that he does not clearly establish normative premises on what is socially just. On the one hand, Marx speaks of the labor relation as an unequal exchange and unpaid labor. Moreover, he also contrasts the apparent equality present in the sphere of exchange with

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<sup>160</sup> Rawls, *Lectures on the History of Political Philosophy*, 368.

the inequality hidden in the “abode of production”. In addition, Marx argues that capitalism presupposes the workers being dispossessed from any kind of property and having nothing to expect except a “hiding”. Marx also speaks of the original process of accumulation, as “original expropriation”.

However, in the absence of moral premises to ground a theory of justice, one can easily argue, as many did: why is unequal exchange or exploitation a moral evil? In the end, do all exchanges need to be equal? And against what is this equality to be established? The results of the market transaction are, according to Marx, clearly not an indication of equality and the exchange of equivalents. Allan Wood actually claims that in Marx’s theory, capitalism can be condemned from the point of view of the absence of some non-moral goods. Additionally, why is the absence of an equal distribution of resources also a moral evil? Is there anything to justify the requirement for an equal distribution of initial resources?

The following section will present two of the three normative premises justifying the left-libertarian reading: limited self-ownership (the moral right to own whatever comes out of your work, but not what comes out your talents, taking into account proper deductions for social needs and equality-based transfers), and equal access to the world’s resources (joint world ownership). Together, they make up the normative framework against which a Marxist condemnation of capitalism takes place.

Marx many times, when speaking of the employment contract, argues that the worker sells his own labor-power that is he paid only for part of what he does with his own labor and so on. In other words, he seems to establish a moral right over one’s own labor in its entirety. However, he does not make any pronouncements directly defending such a claim. In *Theories of*

*Surplus Value* Marx also makes the necessary connection between being the moral master over one's labor and being the master of the products of that labor:

*Thus the "accumulation" of means of subsistence by the capitalist for the worker means merely that he must possess enough money in order to pay wages with which the worker withdraws the articles of consumption he needs from the circulation reservoir (and, if we consider the [working] class as a whole, with which he **buys back part of his own product.***

*On the other hand, these necessities and means of labour would not operate as objective conditions of production if these things did not possess the attribute of being capital, if the product of labour, the condition of labour, did not absorb labour itself; [if] past labour did not absorb living labour, and if these things did not belong to themselves or by proxy to the capitalist instead of to the worker.*

*As if the division of labour was not just as possible if its conditions belonged to the associated workers (although historically it could not at first appear in this form, but can only achieve it as a result of capitalist production) **and were regarded by the latter as their own products and the material elements of their own activity, which they are by their very nature.***<sup>161</sup>

The last sentence of the second passage is Marx's most clear statement from his work on a moral right of ownership. Marx actually makes two separate claims, which together establish how an individual might morally own something. In this passage, Marx is speaking about capital as congealed past labor on the one hand and as the condition for creative work on the other. Means of production have been created through the past labor of workers and are worked on by other workers. These two situations, having created something (their own products) or employing some means of production in one's own work (the material elements of their own activity) leads to having a moral right over something (by their very nature, the means of production belong to the workers). Marx, asserts that there is a natural right to property over something one has produced or uses in production.

A criticism could be formulated against the interpretation that Marx establishes a moral right of ownership through this passage. Especially the reading of the last phrase "they are by their very nature" could be attacked. Rather than claiming that Marx is making a connection

<sup>161</sup> Marx, *Theories of Surplus Value*, Chapter XXI Opposition to the Economists (Based on the Ricardian Theory)

between production and ownership, it could be argued that Marx is only saying that means of production could be socialized because they are by nature collective products. As opposed to making a statement on the morality of ownership, Marx could be read as speaking about the ontology of production: no product can be said to be produced alone by one person and no product can meaningfully be excluded from the common stock of goods. Further, this reading could be augmented by the text in parentheses which links the ontology of production with its manifestation and with Marx's theory of history. According to Marx, while all goods are by nature social products, this characteristic cannot become visible except until capitalism, which is the extreme negation of social production, forces people to realize this.

Yet, when reading this passage in its wider context, the interpretation that it establishes a right of collective ownership, derived from collectively creating a product and from the self-ownership of the worker, can be defended. The chapter from which the passage comes is Chapter XXI of *Theories of Surplus Value*, a piece in which Marx attacks Ricardian economists for their mistaken views on production and accumulation. The particular passage quoted comes from an attack on Hodgskin's pamphlet *Labour Defended Against the Claims of Capital*. Marx's main aim of the section in which the passage is taken from is to prove that division of labor is not a sufficient condition for capitalist production, but only a pre-condition. Alternatively, accumulation of means of production in the hands of non-workers is, according to Marx, the necessary and sufficient condition for capitalism to get off the ground. Thus, Marx's main claim in the section is that division of labor could be present under any scheme of ownership of means of production but only primitive accumulation makes capitalism start.<sup>162</sup>

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<sup>162</sup> Marx, *Theories of Surplus Value*, Chapter XXI

Therefore, the claim that means of production belong to workers “by their very nature” is set in contrast with the condition of means of production accumulated by capitalists. If ownership by workers is the natural state, then ownership by capitalist must be against the nature of a good that works as a means of production, Marx could be read as saying. Yet, what is this “nature” of the good around which the polemic goes: is it the ontological claim that someone produces something alone or can only produce it in combination with others, or is it the moral claim of ownership? Support for the second option comes from a few statements Marx makes soon after the passage quoted above:

*Furthermore, because in the capitalist mode of production capital appropriates the surplus product of the worker, consequently, because it has appropriated the products of labour and these now confront the worker in the form of capital, it is clear that the conversion of the surplus product into conditions of labour can only be initiated by the capitalist and only in the form that he turns the products of labour—which he has appropriated without any equivalent—into means of production of new labour performed without receiving an equivalent.<sup>163</sup>*

Thus, the division of labor can come about after the original appropriation of the surplus product of the worker. This passage, read together with the one above can be interpreted as: “Surplus value and means of production belong by nature (morally belong) to the workers. Once this ownership is violated, capitalism can begin its cycle of accumulation and reproduction. Division of labor is nothing more than a pre-condition rather than a catalyst of capitalist accumulation. Capitalism needs the violation of the workers’ rights of ownership to even exist”.

The conditions of ownership (having made something or working on something) might create some complications when read in conjunction. We can imagine a situation in which a group of people has produced something which can be also used as a means of production. That group does not wish to employ that particular machine in their work, but wishes to trade it.

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<sup>163</sup> Marx, *Theories of Surplus Value*, Chapter XXI

Another group takes that machine and uses it productively. Does it belong to the first group? Can they meaningfully and justly alienate it? Marx never explains anything about a just exchange, but several claims can be made: 1. at this particular point he does not even need to discuss just trading between legitimate owners, all that he needs to do is to show that the non-workers have no legitimate ownership claims and 2. legitimate owners can trade justly if the exchange “equivalent for equivalent” or commodities of equal value.

Of course, the moral right of ownership is limited in the sense that society as a collective also has a claim over the portion of the surplus value necessary to produce those public goods which further our human development. Unlike right-libertarians, Marx does not see an absolute right of self-ownership, which blocks the claims other people have. Rawls, following Cohen, argues that Marx’s theory of entitlement is based on self-ownership and equal access to initial resources. Rawls does not make any addition to this, as about the two premises. However, combing through the texts it has to be argued that in Marx’s view, it is incumbent on the social collective to provide education, to offer humane living conditions to those who cannot work and to regulate for emergencies and for future investment (these are derived from the second principle, of joint world ownership, outlined below). Marx does not mention other public goods, but his theory would probably accommodate a strong principle of fair equality of opportunity:

*....If, furthermore, we reduce the surplus-labour and surplus-product to that measure which is required under prevailing conditions of production of society, on the one side to create an insurance and reserve fund, and on the other to constantly expand reproduction to the extent dictated by social needs; finally, if we include in No. 1 the necessary labour, and in No. 2 the surplus-labour, the quantity of labour which must always be performed by the able-bodied in behalf of the immature or incapacitated members of society, i.e., if we strip both wages and surplus-value, both necessary and surplus labour, of their specifically capitalist character, then*

*certainly there remain not these forms, but merely their rudiments, which are common to all social modes of production*<sup>164</sup>

*Let us take, first of all, the words "proceeds of labor" in the sense of the product of labor; then the co-operative proceeds of labor are the total social product.*

*From this must now be deducted: First, cover for replacement of the means of production used up. Second, additional portion for expansion of production. Third, reserve or insurance funds to provide against accidents, dislocations caused by natural calamities, etc.*

*These deductions from the "undiminished" proceeds of labor are an economic necessity, and their magnitude is to be determined according to available means and forces, and partly by computation of probabilities, but they are in no way calculable by equity.*

*There remains the other part of the total product, intended to serve as means of consumption. Before this is divided among the individuals, there has to be deducted again, from it: First, the general costs of administration not belonging to production. This part will, from the outset, be very considerably restricted in comparison with present-day society, and it diminishes in proportion as the new society develops. Second, that which is intended for the common satisfaction of needs, such as schools, health services, etc. From the outset, this part grows considerably in comparison with present-day society, and it grows in proportion as the new society develops. Third, funds for those unable to work, etc., in short, for what is included under so-called official poor relief today.*<sup>165</sup>

Marx could also be interpreted as having a principle of initial equal access to resources or a moral right of joint world ownership. He dedicates a whole section of the first volume of *Capital* to analyzing original accumulation, which has been done, according to him by force. Especially, in *Value, Price and Profit*, Marx calls original accumulation:

*But before doing so, we might ask, how does this strange phenomenon arise, that we find on the market a set of buyers, possessed of land, machinery, raw material, and the means of subsistence[....]The inquiry into this question would be an inquiry into what the economists call —previous or original accumulation, but which ought to be called original expropriation.*<sup>166</sup>

*But, on the other hand, these new freedmen became sellers of themselves only after they had been robbed of all their own means of production, and of all the guarantees of existence afforded by the old feudal arrangements. And the history of this, their expropriation, is written in the annals of mankind in letters of blood and fire.[...]The last process of wholesale expropriation of the agricultural population from the soil is, finally, the so-called clearing of estates, i.e., the sweeping men off them. All the English methods hitherto considered culminated*

<sup>164</sup> Marx, *Capital*, Vol.3, Chapter 49, p 595

<sup>165</sup> Marx, *Critique of the Gotha Programme*

<sup>166</sup> Marx, *Value, Price and Profit*.

*in —clearing , the sweeping men off them [...] But as soon as the question of property crops up, it becomes a sacred duty to proclaim the intellectual food of the infant as the one thing fit for all ages and for all stages of development. In actual history it is notorious that conquest, enslavement, robbery, murder, briefly force, play the great part..<sup>167</sup>*

*Thus primitive accumulation, as I have already shown, means nothing but the separation of labour and the worker from the conditions of labour, which confront him as independent forces. The course of history shows that this separation is a factor in social development.<sup>168</sup>*

The fact that Marx uses the term “expropriation” for the process of enclosures which created a mass of dispossessed peasants does not by itself establish that he believed that people have an original moral right of equal access to resources. After all, peasants in XVIth and XVIIth century Britain were being “expropriated” and “robbed” according to the prevailing norms of property ownership of the feudal period. Moreover, according to Marx, this was a factor which promoted the development of capitalism and of (as we can see from his claims above) communism. However, Marx dedicates a large amount of space to describing the violent birth of capitalism, based on taking land away from individuals and leaving them with nothing except labor to sell. If “capital comes [into the world] dripping from head to foot, from every pore, with blood and dirt”<sup>169</sup>, if it is a period marked in “letters of blood and fire” and was based on “enslavement, robbery, murder” it means its methods were highly violent. It left people starving and without any livelihood. Thus, even though Marx does not affirm it specifically, reading together the theory of original accumulation and the theory of legitimate property of means of production on which one works, a principle of equal original entitlement to the world’s resources can be derived.

Taking into account the two premises of limited self-ownership and equal access to resources, an ambiguity can be detected in Marx. It is not particularly clear what exactly is

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<sup>167</sup> Marx, *Capital* volume 1.

<sup>168</sup> Marx, *Theories of Surplus Value*, Chapter XXI

<sup>169</sup> Marx, *Capital* volume 1, 533



exploitative: the fact that the exchange is unequal, that it is forced or that the force comes about because the initial entitlement to equal access to resources has been violated. Marx never makes any explicit statements on what exactly he believes is the wrong of capitalist exploitation. If the wrong is the violation of initial access to resources or the fact that inequality in distribution breeds structural force, then Marx' theory would lose its distinctive character, as different from a liberal theory of exploitation (see Steiner's below). If, however, the mere inequality of exchange was the moral evil, then he is at least ambiguous on why the exchanges need to be equal. The literature on exploitation follows this ambiguity. Marx himself, according to Cohen, solves his own problem by a *deus ex machina* solution (the Marxist "technological fix"): the full abundance in communism, when both unequal exchanges and the lack of access to resources would be overcome.<sup>170</sup>

On the textual basis, one cannot adjudicate the problem. Thus, it is impossible to definitely affirm that Marx believed capitalism unjust because it determined an unequal exchange or because it somehow "robbed" (violated initial rights leading to further unequal exchanges) the worker. What can be said is that Marx himself prevaricated between the two interpretations and the literature only reflects this. Marx does not consider the problem for two reasons: he believes that in a just society there would be no more transactions of labor power and that the end of exploitation involves not only the end of exploitative transactions, but also of transactions of labor power altogether. Secondly, while not explicitly, it can be argued that he would believe an unequal transaction of labor power under a background which satisfies the condition of initial access to resources as irrational.

When speaking of the phase of socialism, Marx explains:

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<sup>170</sup> G.A. Cohen, *Self-ownership, freedom, and equality* (Cambridge : Cambridge University Press, c1995), chapter 5  
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*Accordingly, the individual producer receives back from society -- after the deductions have been made -- exactly what he gives to it. What he has given to it is his individual quantum of labor. For example, the social working day consists of the sum of the individual hours of work; the individual labor time of the individual producer is the part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such-and-such an amount of labor (after deducting his labor for the common funds); and with this certificate, he draws from the social stock of means of consumption as much as the same amount of labor cost. The same amount of labor which he has given to society in one form, he receives back in another.<sup>171</sup>*

Thus, even in the first phase, before full communism, society would regulate rewards, so both unequal exchange and the violation of initial equal access to resources would have been resolved.

The second reason for which Marx does not discuss whether injustice emerges from unequal exchange alone or from unequal exchange caused by an initial violation of rights is that he would imagine an unequal exchange under background fairness as irrational. He would probably wonder what kind of rational being, when being granted access to productive resources would still accept a transaction by which he offers more value and does not exchange equivalent for equivalent. He would probably maintain that only a justification which denies the human being's essential rationality or a theory of natural slaves and natural masters could claim that unequal exchange would still occur under a fair background. Because Marx does not consider the option, he discusses the possibility indirectly. Within the context of a discussion about the forms of profit Marx takes pains to reject the claim that the proceeds of exploitation are justified by the supervisory work which a capitalist performs. He believes that only if some were naturally inferior and unable to organize themselves would an exploitative relationship actually benefit them and justify the capitalists' proceeds. He quotes a defender of slavery to show what kind of theory one would have to hold to believe that exploitation is justified by the benefits it brings to

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<sup>171</sup> Marx, *Critique of the Gotha Programme*

the exploited and that people, provided with equal access to resources, would still engage in exploitative transactions:

*And exploitation, the appropriation of the unpaid labour of others, has quite as often been represented as the reward justly due to the owner of capital for his work; but never better than by a champion of slavery in the United States, a lawyer named O'Connor, at a meeting held in New York on December 19, 1859, under the slogan of "Justice for the South" "Now, gentlemen," he said amid thunderous applause, "to that condition of bondage the Negro is assigned by Nature... He has strength, and has the power to labour; but the Nature which created the power denied to him either the intellect to govern, or willingness to work." (Applause.) "Both were denied to him. And that Nature which deprived him of the will to labour, gave him a master to coerce that will, and to make him a useful... servant in the clime in which he was capable of living useful for himself and for the master who governs him... I maintain that it is not injustice to leave the Negro in the condition in which Nature placed him, to give him a master to govern him ... nor is it depriving him of any of his rights to compel him to labour in return, and afford to that master just compensation for the labour and talent employed in governing him and rendering him useful to himself and to the society."*<sup>172</sup>

#### 2.3.3.2. Theories of exploitation and its immorality

As mentioned above, the literature has been sharply divided on what exactly constitutes exploitation and if and then why it is moral evil. To put it briefly, two positions have emerged. The first relates the evil of exploitation with the forced transfer of surplus product from worker to capitalist. It sees the force inherent in the labor relation as unjust. Moreover, any feature of the world which helps maintain this forceful relation is therefore also unjust. The second conception is the distributional one. It takes the initial inequality of the distribution of means of production as normatively fundamental. Those who hold the latter also hold that not exploitation, but inequality is at the center of the normative condemnation of capitalism. In addition to these, a brief description of a liberal theory of exploitation should be made, to contrast it with those seeking to derive their normative interpretations from Marx.

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<sup>172</sup> Marx, *Capital*, Vol.3 Chapter 23, p 264.

The confusion is mostly due to Marx's own prevarications and ambiguities, but it is worth exploring. The main reason for doing so is that the moral evil of exploitation can help illuminate the moral evil of capitalism if that exists in Marx. Moreover, it allows a better construction of a Marxian theory of justice.

A liberal theory of exploitation has been elaborated by Hillel Steiner. He argues that an exchange is exploitative if two conditions are jointly satisfied: 1. A voluntarily trades his product with B for a product of less value and 2. A does this because a previous rights violation placed him in a position to have no other option than this unequal exchange. For example, Steiner adduces an example in which B appropriated all land and then had his appropriation enforced by the state. B thus violated A's equal right to initial resources. If A now accepts an unequal exchange because he has no other option, the transaction is exploitative.<sup>173</sup>

In 1981 Richard Arneson published an article which called for a discussion on what is wrong with exploitation.<sup>174</sup> He did not offer any special answer because he merely elaborates the question and the concept of exploitation. However, he clearly states that there seem to be two main ideas in Marx, which are not always compatible: one that "people should get what they deserve" and the second that people should not force and dominate each other.<sup>175</sup> Due to Arneson's refusal to ascribe a theory of deservingness to Marx, he believes that Marx condemns capitalism on account of it being coercive for the workers. He distinguishes between "technical" exploitation, which is merely the appropriation and control of surplus value by those that do not produce it, and properly unjustified exploitation. The second occurs when, in addition to the first, the nonproducers have "vastly more social power" which they employ to make technical

<sup>173</sup> Hillel Steiner, "A Liberal Theory of Exploitation", *Ethics*, Vol. 94, No. 2 (Jan., 1984), pp. 225-241

<sup>174</sup> Richard J. Arneson, "What's wrong with Exploitation?" *Ethics*, Vol. 91, No. 2 (Jan., 1981), pp. 202-227

<sup>175</sup> Arneson, "What's wrong with Exploitation?", 205

exploitation happen and when the technical exploitation leads to a highly unequal distribution of advantages.<sup>176</sup> Yet, Arneson limits himself to maintaining that Marx owes us a justification of the link between coercion and exploitation and offers several examples when there is a transfer of surplus labor but, according to him, there is not unjustified exploitation. The most conclusive is, at least according to him, the example of the Bureau of Labor Sacrifice, set up in a just society, where everyone can go and donate labor. Arneson maintains that while this labor is exploited according to the technical definition of exploitation, there is nothing morally wrong with this.

Other force based theories of exploitation are held by Jeffrey Reiman and Rodney Peffer. Reiman's arguments on force and exploitation to a large extent parallel and expand on Arneson's. Reiman argues that there is something special in the labor of the individual, in the sense that the individual owns it. He argues that "labor done, however willingly, or even joyously is life itself spent"<sup>177</sup> (how this does not mean self-ownership is hard to understand) and that workers are somehow structurally coerced to sell their labor by a system in which they do not have access to the means of production and by the institution of private ownership. Reiman calls this "structural" force and shows that, in a capitalist society, workers are forced to work for capitalists, even if they are not forced by capitalists.<sup>178</sup> Unlike in slavery and feudalism where the coercer was also doing the exploitation, in capitalism coercion is embedded in the structure of

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<sup>176</sup> Arneson, "What's wrong with Exploitation?", 212

<sup>177</sup> Jeffrey Reiman, "Exploitation, Force, and the Moral Assessment of Capitalism: Thoughts on Roemer and Cohen" *Philosophy & Public Affairs*, Vol. 16, No. 1 (Winter, 1987), pp. 3-41 Reiman defends himself in light of Roemer's reply but merely nuances his view, while keeping to a force (or something akin to it)-based view in Jeffrey Reiman, "Why worry about how exploitation is defined?: Reply to John Roemer", *Social Theory and Practice* 16 (1):101-113 (1990) A further follow up of the debate between Roemer and Reiman appears in Kai Nielsen and Robert Ware (eds.) *Analyzing Marxism : New Essays On Analytical Marxism*, Canadian Journal of Philosophy. Supplementary Volume, (Calgary, Alberta: University of Calgary Press, 1989)

<sup>178</sup> Reiman, "Exploitation, Force, and the Moral Assessment of Capitalism", 10-11

the system while the winner from the exploitative relation has his hands clean. Reiman defines structural force as: “By this I mean that such force affects individuals by imposing an array of fates on some group while leaving it open how particular individuals in that group get sorted, or sort themselves, into those fates.”<sup>179</sup> Reiman’s main advance is to improve the theory of force-based exploitation to include structural coercion, but the main outlines remain the same.

Rodney Peffer develops the force-based theory even further when he accepts the definition of exploitation offered by Reiman and Holmstrom<sup>180</sup> but elaborates on its moral justifiability. Peffer argues that it is force (even structural force, which he distinguishes from direct coercion and on which he quotes Reiman) which makes exploitation morally wrong but that forced unpaid labor is only *prima facie* wrong. He defends the claim that exploitation might be all-things considered justified if it is necessary for promoting a higher moral goal, such as meeting the subsistence needs of the people in a poor society. Moreover, he also believes that appropriation of surplus labor without force is not even *prima facie* wrong, because it is voluntary. Peffer offers the following tripartite scheme of the moral categorization of exploitation:

***Simple Exploitation:*** the appropriation of surplus value or the direct producers not getting back the full value of what they produce

***Exploitation Proper:*** forced, unpaid, surplus labor, the product of which is not under the control of the direct producers

***All-things-considered Unjustified Exploitation:*** Exploitation Proper that is not justified by its promotion of some other weighty moral concern<sup>181</sup>

G.A Cohen also holds a force-based conception of exploitation, which, however, he combines with self-ownership.<sup>182</sup> He believes that the wrong of exploitation is that capitalists can

<sup>179</sup> Reiman, “Exploitation, Force, and the Moral Assessment of Capitalism”, 12

<sup>180</sup> Nancy Holmstromn “Exploitation”, *Canadian Journal of Philosophy*, Vol. 7, No. 2 (Jun., 1977), pp. 353-36

<sup>181</sup> Rodney G. Peffer, *Marxism, Morality, and Social Justice*, Princeton, N.J: Princeton University Press, May 1990, 146.

take by force something which rightfully belongs to the workers. Moreover, this force is made possible by the inequality in means of production. He argues that inequality is the instrumental evil while the “robbery” of labor time, is the normatively fundamental evil. Moreover, he rejects the claim that it is merely the initial unequal distribution of assets which is morally wrong, but aims to show that any unequal distribution of productive assets is condemnable, no matter how it came about. He employs the case of clean capitalist accumulation to make his point. In this thought experiment, Cohen shows how even if initial assets are equally distributed, over some generations, unequal enough situations will emerge and some will be able to force others to work for them, and therefore exploit them. Finally, since the structure does not allow all those who are currently in a position to have to sell their work to escape this situation, workers are collectively unfree if individually free.

Another advance in the theory of exploitation made by Cohen is his treatment of the labor theory of value. He goes against the utilization of the labor theory of value as a theory of price formation. Moreover, he comes to accept that workers might not produce value and that the value of the product might be actually given by the relative desire for that product on the market. However, Cohen comes to claim that:

*It is, then, neither the labor theory of value (that socially necessary labor time determines value), nor its popular surrogate (that labor creates value), but the fairly obvious truth (that labor creates what has value) rehearsed in the song, which is the real basis of the Marxian imputation of exploitation[...] Yet the workers manifestly do create something. They create the product. They do not create value, but they create what has value. The small difference of phrasing covers an enormous difference of conception. What raises a charge of exploitation is*

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<sup>182</sup>G.A. Cohen, *Self-ownership, freedom, and equality*, especially chapters 5,6 and 8. Also, G. A. Cohen, “The Labor Theory of Value and the Concept of Exploitation”, *Philosophy & Public Affairs*, Vol. 8, No. 4 (Summer, 1979), pp. 338-360 also published in G.A. Cohen, *History, Labour, and Freedom : themes from Marx*, also, G. A. Cohen, “The Structure of Proletarian Unfreedom”, *Philosophy & Public Affairs*, Vol. 12, No. 1 (Winter, 1983), pp. 3-33, also reprinted in *History, Labour, and Freedom : themes from Marx*

*not that the capitalist gets some of the value the worker produces, but that he gets some of the value of what the worker produces.*<sup>183</sup>

The main contender to the force-based theory of exploitation is the distributional theory of John Roemer. The difference between distributional and force-based theories is that while the first sees a moral wrong in the forced transfer of labor, the second condemns capitalism merely on the unequal distribution of means of production.<sup>184</sup> Roemer believes that the concept of exploitation as a transfer of labor is unhelpful and that applying it can lead to paradoxical results.

Roemer develops his theories of exploitation along several works and brings quite a few objections to the labor theory of value and its implications for exploitation. Firstly, Roemer concedes to the neoclassical economists that Marx might be simply off the mark when he chooses labor as a special commodity to account for the value of all other commodities. In a well-known example he argues that if one is to choose corn as the “value numeraire”, then we could conclude that corn is exploited and that it produces surplus. Thus, Roemer chooses to abandon the labor-transfer as the measure of exploitation and build a theory around class position in an exchange economy.<sup>185</sup>

Roemer constructs a theory of exploitation without reference to a labor relationship between an exploiter and an exploited. Roemer imagines a self-sustaining island where a group of people endowed with different capital resources work in a subsistence economy without a labor market. They trade only their final products. He argues that, given their initial capital endowments, some people will be able to work less than the average socially necessary time to

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<sup>183</sup> Cohen, “The Labor Theory of Value and the Concept of Exploitation”, 354, 358

<sup>184</sup> For a fairness-based account, but which addresses an extremely wide understanding of the term “exploitation” see Robert Mayer, “What’s Wrong with Exploitation?” *Journal of Applied Philosophy*, Vol. 24, No. 2, 2007. Specifically, for Marxist exploitation, Mayer argues that a theory of fairness presupposes an equal right of ownership of the means of production. That is why, for the specific case of Marxist exploitation, Mayer’s view is close to Roemer’s

<sup>185</sup> John E. Roemer, “New Directions in the Marxian Theory of Exploitation and Class”, *Politics & Society*, 1982 (11): 253-287



produce their subsistence goods and some will need to work more. According to him, there is exploitation in this case, even if there is no labor market.<sup>186</sup>

Further, Roemer allows for the existence of a labor market. He defines five classes of people according to the combinations of their behavior under the initial distribution of productive assets. Those who only hire labor are pure capitalists, while those who only sell are pure proletarians. In between, there are mixed proletarians, petit bourgeois, and small capitalists. This describes the class situation in Roemer's world. However, the situation of exploitation is given as follows: the exploiters are those that work less than the average time required to create goods necessary for subsistence while the exploited are those who work more than that.<sup>187</sup> Then, Roemer constructs the Class-Exploitation Correspondence Principle (CECP). This principle states that those who optimize by buying labor, due to their ownership of capital, also receive more social product than that produced by their own labor. According to him, the CECP holds true under situations in which agents have similar preferences for leisure and subsistence or work and accumulation. Moreover, these situations and this principle holds even when there is no institution of exchange of labor, such as another island in which only credit and interest tracks the rewards people get from their capital endowments.<sup>188</sup> Roemer eventually concludes by constructing a definition of exploitation based on each group's capacity to withdraw from society with a certain amount of a certain type of good (the types of goods depends on the type of society one is in).

From the point of view of the moral condemnation of capitalism, Roemer believes exploitation is not a proper account of the moral wrong of capitalism. His favorite examples

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<sup>186</sup> Roemer, "New Directions in the Marxian Theory of Exploitation and Class", 258 and John E. Roemer, "What is Exploitation? Reply to Jeffrey Reiman" *Philosophy & Public Affairs*, Vol. 18, No. 1 (Winter, 1989), pp. 90-97

<sup>187</sup> Roemer, "New Directions in the Marxian Theory of Exploitation and Class", 261-262

<sup>188</sup> Roemer, "New Directions in the Marxian Theory of Exploitation and Class", 266

involve situations in which there is no correspondence on the owners/non-owners and exploiters/exploited distinction. He argues that in some cases owners of means of production might be the ones that are exploited by those who do not own, as in cases in which proletarians would hire a bourgeois to work for them. Roemer comes to show that unless all people have only a particular type of labor-minimizing or capital-accumulating preferences, unequal exchange of labor might go “the wrong way”.<sup>189</sup> His conclusion is that the ethical concerns of Marxism should be focused on the unequal distribution of the means of production rather than the measure of exploitation. Roemer’s underlying conception is that the account of Marxist exploitation can ground a moral wrong only when his theorem of CECP holds. When exploitation goes the wrong way, as it does when some people prefer labor and accumulation as opposed to leisure as subsistence, Roemer would claim that, although there might be exploitation, it is not a moral harm.<sup>190</sup>

At this point there seems to be a conundrum in the Marxian theory of exploitation and justice. When answering the question “Why is exploitation unjust?” three answers seem to present themselves. The first has to do with inequality, the second with force and the third with forcefully taking something that naturally belongs to another. Only the third seems complete enough to fully answer the question.

Several criticisms can be brought against the distributional and the force-without-self-ownership accounts. Firstly, some of the criticisms that authors bring to each other should be reviewed. Reiman and Peffer properly complain that Roemer smuggles in a theory of distributive justice without explicating it. If inequality in productive assets is what is wrong with capitalism,

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<sup>189</sup> John E. Roemer, ““ New Directions in the Marxian Theory of Exploitation and Class”, 267

<sup>190</sup> John E. Roemer, “Should Marxists be interested in exploitation?” *Philosophy and Public Affairs* 14 (1):30-65 (1985) 59.

then what principle do we have to criticize inequality, inquire the two? Moreover, Roemer is criticized for weakening the normative “bite” of the concept of exploitation and for too easily accepting the neoclassical economists’ charge that labor is not a special commodity. Another line of attack against Roemer is that he does not see that the labor transfer is forced and that this is what provides the main uniqueness of the commodity of labor.<sup>191</sup> Cohen also believes that Roemer takes as normatively fundamental (inequality) what is only normatively derivative. According to Cohen, inequality in productive assets would not be so wrong if it did not support the forcible transfer of something the workers rightfully own.

Roemer himself criticizes Cohen for smuggling the concept of self-ownership in the theory. He argues that in Cohen’s conception of exploitation (Roemer purports to criticize the Plain Marxian argument as defined and criticized by Cohen, but his criticisms apply to the whole Cohenian conception of exploitation) injustice can be claimed only on “grounds of rightful ownership of what one has made”.<sup>192</sup> Roemer himself wants to deny the validity of such a premise when one voluntarily alienates part of what he produces in a condition of equality of productive assets. He concludes that the argument has the power to say something about morality only when those that produce what has value do not have access to the means of production.<sup>193</sup>

Peffer and Reiman believe that it is force, even as structural one which grounds the charge of immoral exploitation. However, this account is lacking the thesis of self-ownership. Yet, one might employ force to take back something that is rightfully his. If one threatens a thief with a gun and demands nothing more than to receive back what the thief has stolen, is he committing an injustice? Unless an independent principle establishes how something is morally owned, there

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<sup>191</sup> Reiman, “Exploitation, Force, and the Moral Assessment of Capitalism”, 22

<sup>192</sup> Roemer, “Should marxists be interested in exploitation?”, 61

<sup>193</sup> Roemer, “Should marxists be interested in exploitation?”, 61

is nothing in force itself to ground an injustice. Moreover, in Peffer and Reiman's accounts, self-ownership is lurking just beneath the surface, yet they never explicitly affirm it. Only a principle of self-ownership grounds the claim that the labor and its products (even if not necessarily all) morally belong to the one who produced it.

Actually, Reiman comes extremely close to condoning a theory of limited self-ownership, without accepting this final step in *As Free and as Just as Possible*. He argues that, when all systems of property are subjected to moral evaluation in something like an original position, all that is left is labor: "When nothing that presupposes the validity of the property system can be used, all that remains that workers give in production is their time and energy, in a word, their labor."<sup>194</sup> Moreover, on the next page, Reiman offers a thought experiment which shows that he believes in self-ownership over work, but not over talents, similar to the conception presented in the next section. He beckons the reader to imagine three situations. In one, person A enslaves B and C, who are of similar talents and makes B work twice as much as C. In the second, A makes B work the same amount of time, but twice as intense as C. Finally, in the third, B is twice as talented as C and is made to work the same amount of time at the same intensity. Reiman leads us to conclude that B is wronged twice as badly as C in the first two situations, while only similarly bad in the third. From this he concludes that while the same amount of product is forced out of B in all the situations, and it is all the time twice as much as is forced from C, the moral characteristics of the situations are not the same. Only time spent working or energy is a morally relevant value, while talents are not.<sup>195</sup> The only reason this is not called self-ownership must be that the term has been used to denominate and a full system of self-ownership, over both energy and talents.

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<sup>194</sup> Reiman, *As Free and as Just as Possible*, 124

<sup>195</sup> Reiman, *As Free and as Just as Possible*, 125-126

The force-based conceptions of exploitation can also be attacked on the grounds that they are can be easily answerable by liberal theories. If one was to abolish structural coercion, as Rawls aims to do, then the distinction between liberal egalitarians and socialists remains an empirical one: is a program such as the Property-owning democracy enough to eliminate structural coercion? If yes, then entire socialist criticism collapses. After structural coercion is eliminated, free agreement between parties will be the norm and “Freedom, Property, Equality and Bentham” will resume their rightful place. Unless a proper understanding of self-ownership, which takes into account also the criticisms brought to its usefulness for Marxists, is developed, one is bound to accept the conclusion of this paragraph.

Finally, the self-ownership account has in common with the force-based account, the fact that it can answer the “exploitation of corn” objection. A principle of self-ownership can establish that the worker owns himself and that labor is not merely a value numeraire. Rather, it is the original creator of value and the only thing that the individual morally privately owns.

#### *2.3.3.3 A defense of limited self-ownership*

Given the acrimonious debates in the literature on exploitation and Marxism, the concept of limited self-ownership is in need of an elaborate defense. On the one hand, it needs defense from those engaging in the interpretation of the Marxian texts. It has to be shown that it is at least coherent with the texts, if not a better interpretation than rival ones. Secondly, it has to be given an elaboration and shown that it is not internally inconsistent. Thirdly, the section will argue that the concept of limited self-ownership answers two of the main objections in the literature on exploitation.

Three limits will be established on the concept of self-ownership. Firstly, self-ownership is limited in scope. One might own his energy but not own his talents. These components of an individual can be analytically separated. Secondly, self-ownership is limited by the joint world ownership or equal access to initial resources. Thus, the claims of others might be based on their right of access to productive resources. Finally, self-ownership can be limited by the self-ownership of others, when this is interpreted as the “fair value of self-ownership”. Simply based on self-ownership, one might demand enough resources to meaningfully exercise it. This limited concept of self-ownership thus reconciles the libertarian and the egalitarian Marx.

Firstly, a schematic presentation of the positions in the literature on exploitation and normative Marxism:

	Should (Marxist) Political Philosophers affirm self-ownership?		
Does Marx affirm self-ownership?		YES	NO
	YES	Stoian (limited self-ownership)	John Rawls (difference principle) G.A. Cohen (equality)
	NO		Jon Elster (self-realization/ opportunity for self-realization ) Norman Geras (distribution according to reasonable need) Janos Kis, Paul Warren (reciprocity, labor contribution/luck egalitarianism) John Roemer (equality in the

			distribution of productive assets) Rodney Peffer Jeffrey Reiman (freedom as self- realization/absence of structural coercion) Kai Nielsen (radical egalitarianism)
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The first defense to be offered is a textual one and relates to the question of whether the concept of limited self-ownership can be defended against rival interpretations of the texts and the wider Marxian framework. The matter has been one of debate between G.A. Cohen and Paul Warren.<sup>196</sup> Several other authors have offered, if not full-fledged, Marxist theories of justice, at least principles of distribution which they believe Marx affirmed. The main rivals are Geras',<sup>197</sup> principle of need, Paul Warren's<sup>198</sup> and Janos Kis'<sup>199</sup> luck egalitarian (based on a principle of asymmetrical reciprocity) interpretation of Marx or Peffer and Reiman's wide concept of freedom.

The principle of reciprocity/labor contribution would claim that each should receive a share proportional to the labor contribution one offers to society. However, this principle is offered as "reciprocity" as opposed to merely "distribution according to labor contribution" in order to accommodate for the case of the disabled, who cannot contribute. Warren describes the ideal of reciprocity as one of sharing burdens and benefits, at least among those who cannot contribute. According to him, it represents a better approximation of a Marxian principle of

<sup>196</sup> On the claim that Marx is committed to self-ownership, this thesis sides with Cohen. On the distinct claim that a commitment to self-ownership is inconsistent with egalitarianism, the thesis sides with Warren (in the sense that it is not, if self-ownership is properly understood).

<sup>197</sup> Geras, "The Controversy About Marx and Justice", also discussion at MANCEPT workshops, 2012

<sup>198</sup> Paul Warren, "Self-Ownership, Reciprocity, and Exploitation, or Why Marxists Shouldn't Be Afraid of Robert Nozick", *Canadian Journal of Philosophy*, Vol. 24, No. 1 (Mar., 1994), pp. 33-56 and Paul Warren, "Should Marxists Be Liberal Egalitarians?", *The Journal of Political Philosophy*: Volume 5, Number 1, 1997, pp. 47-68

<sup>199</sup> Janos Kis, personal communication

justice, because it shows why capitalism is unjust (capitalists receive more than they contribute as labor, and workers receive less) and how a socialist society could distribute burdens and benefits.<sup>200</sup>

Warren develops his fully fledged conception of a luck-egalitarian understanding of Marx in “Should Marxists Be Liberal Egalitarians?” He argues for the labor contribution principle by using luck-egalitarian normative principles. Warren claims that Marx both supports and criticizes the labor contribution principle due to his belief that rewards should be endowment-insensitive and ambition sensitive. Thus, according to Warren, the labor contribution principle is superior to the principles prevalent in capitalism, but inferior to a need-based distribution. However, since he believes the need principle relies on the theory of unlimited abundance, Warren concludes that a luck-egalitarian conception grounds Marx’ criticism of capitalism.<sup>201</sup>

The other contender for a Marxist conception of distribution is the principle of need. It asserts that distribution of material goods should be done according to the reasonable needs of those who receive it. Examples figure distribution of medical care or of public transport for retired people. As Norman Geras stated, seeing one’s doctor once every six months is a need, seeing him every hour is not.<sup>202</sup> A need has to be established and then it must be given a reasonable interpretation.

On a textual basis, two main paragraphs in Marx’s works are used to claim that he is not committed to self-ownership. The first is used by Warren who points out to Marx’s criticism of the “reward according to labor contribution” principle in the *Critique of the Gotha Programme*. He relies on the following quote:

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<sup>200</sup> Warren, “Self-Ownership, Reciprocity, and Exploitation”, 54.

<sup>201</sup> Warren, “Should Marxists Be Liberal Egalitarians?”

<sup>202</sup> Discussion at MANCEPT workshops, 2012



*“But one man is superior to another physically, or mentally, and supplies more labor in the same time, or can labor for a longer time; and labor, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This equal right is an unequal right for unequal labor. It recognizes no class differences, because everyone is only a worker like everyone else; but it tacitly recognizes unequal individual endowment, and thus productive capacity, as a natural privilege[...]Further, one worker is married, another is not; one has more children than another, and so on and so forth. Thus, with an equal performance of labor, and hence an equal in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right, instead of being equal, would have to be unequal.”<sup>203</sup>*

Warren interprets Marx as saying that one does not deserve the full outcome of one's talents and ability to work hard. This interpretation closely parallels Rawls' defense of egalitarianism against self-ownership and desert-based principles. Moreover, Warren also reads Marx as saying that reward according to labor provided does not take into account the needs of the worker, such as family. Therefore, Warren concludes that Marx denies self-ownership and affirms an asymmetrical reciprocity principle. This principle would take into account labor contribution, but also need and would offer higher rewards to those who contribute more, but not necessarily exactly proportional to labor contribution.<sup>204</sup> A similar argument is also made by Geras (not against self-ownership, but against the idea of Marx arguing for distribution according to labor contribution)<sup>205</sup>, who also quotes the following passage (the second textual support of the anti-self-ownership claim):

*But one of the most vital principles of communism, a principle which distinguishes it from all reactionary socialism, is its empirical view, based on a knowledge of man's nature, that differences of brain and of intellectual ability do not imply any differences whatsoever in the nature of the stomach and of physical needs; therefore the false tenet, based upon existing circumstances, “to each according to his abilities”, must be changed, insofar as it relates to enjoyment in its narrower sense, into the tenet, “to each according to his need”; in other words,*

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<sup>203</sup> Marx, *Critique of the Gotha Programme*

<sup>204</sup> Warren, “Self-Ownership, Reciprocity, and Exploitation”, 46.

<sup>205</sup> Geras, “The Controversy About Marx and Justice”, 79

*a different form of activity, of labour, does not justify inequality, confers no privileges in respect of possession and enjoyment.*<sup>206</sup>

It seems hard to see how Marx could on the one hand affirm that labor does not offer “privileges”, while at the same time holding the theory of exploitation that he does (that the worker’s time is somehow taken away). As Warren points out, Marx did not reflect adequately on the normative foundations of his work.<sup>207</sup> Yet any theory of justice requires one of legitimate ownership. One can morally make a claim on something because this fits a pattern of just distribution or because he has produced it or because he has acquired it justly from an un-owned state. Marx’s views on legitimate ownership seem to vacillate. On the one hand, in his analysis of capitalism he criticizes the taking away some of the worker’s product. On the other, as Warren points out, Marx both praises and critiques the labor contribution principle. The critique is mounted because this principle does not take into account needs and allows for natural talents to affect contribution. So, there seems to be a paradox in Marx: the theory of ownership used to condemn capitalism is not the same as the one to apply in a just society. Further, since these theories seem to contradict each other, textual interpretation is forced to hold one of them fixed and try to work around it. As Geras has showed in the context of the debate about ideology and justice, taking one particular claim as a point of reference forces one to deny or discount other textual evidence. However, the ideal solution occurs when one can prove that a particular reading of a certain part of the text can also explain the contradictory evidence in a satisfactory way.

On a textual basis, there is a strong reason to believe that the theory of exploitation presupposes self-ownership. As shown by the quotes presented in the section of exploitation,

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<sup>206</sup> Marx, *Critique of the Gotha Programme*, Chapter 4, <http://www.marxists.org/archive/marx/works/1845/german-ideology/ch04e.htm>, Accessed 22.10.2012.

<sup>207</sup> Paul Warren, “Should Marxists Be Liberal Egalitarians?”, 62

Marx refers to the product of labor as belonging to the producers because it was produced by them: “The greater part of the yearly accruing surplus-product, embezzled, because abstracted without return of an equivalent, from the English labourer, is thus used as capital”<sup>208</sup>. Marx obviously makes a direct connection between the producer and his product. A luck-egalitarian conception, for example, would not have the same link. While in any theory of justice one is morally entitled to own a certain amount of the metric of that particular theory, there is something different in Marx. He directly links the worker and the product produced by himself, not only its value or a value proportional to it. Marx says that, in order to overcome exploitation and alienation, the producer must be put back in touch with the results of his work. For example, Marx discusses the charm of the work, both in *Capital* and in the *Communist Manifesto*.<sup>209</sup> This intimate connection cannot be supported under anything but a theory of self-ownership and self-realization through work.

Additionally, the two strands in Marx seem to have different conceptions of justice in mind. The self-ownership based conception which can be derived out of the theory of exploitation is one of initial rights, which must be respected. The need-based thinking present in the quotes above can be seen as a patterned principle of distribution. A luck-egalitarian conception of justice would also represent a patterned principle (since it would be an interpretation of the needs principle). Yet, the idea of a patterned distribution also seems to contradict Marx’s claims of the relationship between the product and the producer.

If one keeps self-ownership as the reference point, then one is forced to explain the contradictory evidence of Marx’s texts. These are the requirement for need based distribution,

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<sup>208</sup> Marx, *Capital* I, Cap 24.

<sup>209</sup> Marx, *Capital* I, Cap 25, Marx, *Communist Manifesto*, “Owing to the extensive use of machinery and to division of labour, the work of the proletarians has lost all individual character, and consequently all charm for the workman”

his demand that the community appropriate some of the surplus product and use it for public goods and his egalitarian tendencies. However, if one works the other way around, then an account of exploitation without self-ownership must be found. Roemer, on the one hand, and Reiman and Peffer on the other, have sought to do exactly this. Yet, unlike G.A. Cohen, none have succeeded because none can formulate and offer textual evidence to a theory of legitimate ownership which exploitation violates.

Two arguments from the wider opus can be brought to support the self-ownership based conception of exploitation. The first is Marx's attack on Lasalle in the *Critique of the Gotha Programme*. Marx disparages Lasalle's "iron law of wages" for having a sufficientarian moral background. According to Lasalle, the moral wrong of capitalism is the fact that it keeps people in poverty through the operation of the "iron law of wages". This implies that wages always tend to the minimum for subsistence because supply of labor is always greater than demand. According to Lasalle, workers should abolish the system of wages because these are too low.

However, Marx believes that there is something wrong with this. He claims that it is not the low magnitude of the wages that is wrong in capitalism, but the existence of wages itself. The very idea of wage labor is exploitation, Marx argues, because it implies the appropriation of a surplus which morally belongs to its producer because it was produced by him (because he created that particular surplus). In one of Marx's typical ironies, he states:

*It is as if, among slaves who have at last got behind the secret of slavery and broken out in rebellion, a slave still in thrall to obsolete notions were to inscribe on the program of the rebellion: Slavery must be abolished because the feeding of slaves in the system of slavery cannot exceed a certain low maximum!*<sup>210</sup>

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<sup>210</sup> Marx, *Critique of the Gotha Programme*.

Secondly, Marx's claim that a democratic form of socialism (the associated producers) is the preferred form of politico-economic organization bears on selecting self-ownership as the preferred normative principle. A luck egalitarian conception would select maybe one or two regimes of political economy. It would exclude laissez faire capitalism, but probably not necessarily something like a POD or a liberal socialism. However, as presented in the section on institutional proposals, a democratic form of socialism can uniquely implement the principle of self-ownership. Of course, it might be said Marx is unimaginative when it comes to institutional suggestions. Yet, his praise for the Paris commune and his criticism of utopian socialist experiments, as well as his slogan "abolition of private property" in the *Communist Manifesto* points to his belief that voluntary associations are useless and only wide-scale confiscation is appropriate. It can be argued that this is done to restore the connection between the working person and his product, not because a principle of distribution requires it.

A similar argument can be brought also against the needs principle. If need is the principle of distribution, then capitalism would be unjust only insofar as it fails to provide for the reasonable needs of individuals. An expanded welfare state would probably meet Marx' criteria. If contribution and reciprocity were the distributive principles, there would be no logical connection between property-ownership and contribution. Differences in ownership of productive property would be condemnable only insofar as they permit some to work less than they receive. Moreover, productive property could be equalized, but still privately held, as in a property-owning democracy (POD). A POD regime would probably solve the problem, as it would equalize assets enough that no one who is able to work could live only on income from property (while those who refuse to work would have a modicum of needs provided). Further, a POD would also represent the solution to the problem of structural force, which Reiman and

Peffer arduously maintain. Why then is Marx insisting that associated producers take over the means of production and subject them to collective conscious control? And how does this square with his tacit support for higher reward for productive managers?

The second defense of the idea of Marx supporting self-ownership is interpretive. Given the many readings of the idea of self-ownership in the literature, a particular Marxian understanding must be offered. Even more, it has to be shown that it is internally coherent. For this, it has to be specified what exactly the individual owns when one says (limited) self-ownership in a Marxian sense. In other words, which are the limits of self-ownership? The “self” part of self-ownership could be said to constitute of talents (what one can do) and energy/activity/effort (what one wants to do/is willing to do). When Rawls criticizes meritocracy he believes both intentions and talents are developed in society and do not constitute the base of deserving anything.<sup>211</sup> What Marx seems to say is that one does not own his talents, which are given by nature and that distribution according to labor contribution transforms this unfair natural distribution into a social principle. However, it is crucial to note that Marx does not say “one [worker] is *willing* to labor for a longer time” but he claims “one [worker] *can* labor for a longer time”. Thus, unlike Rawls, Marx only seems to deny full self-ownership. One owns his intentions, but does not own his talents. This is the first limit of self-ownership.

Secondly, Marxian self-ownership is limited by the claims of other people, based on need. Another reason Warren claims that Marx does not support self-ownership is that Marx believes some part of the surplus product must be taken from its producers and used to satisfy the needs of the non-producers. Warren’s argument is based on Marx’ statements from *Critique of*

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<sup>211</sup> Rawls, *A Theory of Justice*,

*the Gotha Programme* quoted above (footnote 162). However, in a footnote, Warren himself recognizes the weakness of his position, but because his aim of attacking Cohen is not helped by exploring them, he abandons the enterprise.<sup>212</sup> This thesis will pursue exactly what Warren abandons: the claim that self-ownership can be limited by the needs of others, such as children, disabled, old, or by the general need for public goods.

Warren himself is incoherent when he points to this criticism to show that Marx rejects self-ownership. While it is true that the “common needs” parts of Marx’ texts would provide an argument against a right-libertarian self-ownership which is combined with private ownership of the world. However, it says nothing against a left-libertarian conception. Earlier in the article, in his polemic against Cohen, Warren himself provides the argument that assuming common ownership of the world, the needy would not be simply left out.<sup>213</sup> What they would receive from society would simply reflect their common share of the world. For example, assuming that those who cannot work do not use up their share of productive resources, but these are used by the able, the disabled would receive a rent for the use of their productive resources. As argued above, the theory of primitive accumulation provides for this premise in Marx.

The third limit to self-ownership which can be discerned out of Marx’s texts has to do with the maximum permissible inequalities in a society. As mentioned above, Marx sees the labor of managers as necessary and their rewards as justified. Thus, in an ideal socialist society, there would be a maximum permitted inequality, given by the ratio of the value of the highest skilled labor to the lowest. Unlike the Rawlsian difference principle, this would not relate the

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<sup>212</sup> “It might be tempting to argue here, for reasons given earlier, that such recommendations are consistent with the thesis of such an self-ownership”, Warren, “Self-Ownership, Reciprocity, and Exploitation”, 46n20

<sup>213</sup> Warren, “Self-Ownership, Reciprocity, and Exploitation”, 44

gains of some to the gains of others, but would simply limit the maximum rewards of the top bracket of such a society.

This third limit offers a reply to Cohen's arguments in favor of abandoning of self-ownership as a normative principle for Marxists. In several works, out of which two articles were later published as chapters of *Self-Ownership, Freedom and Equality*, Cohen argues that Marx is committed to self-ownership and that this should lead Marxists to abandon orthodox Marxism and move to a form of egalitarianism.<sup>214</sup> Cohen believes that self-ownership, even coupled with joint world-ownership, does not contain limits to the maximum inequality which can exist in a society. Moreover, in Cohen's view, a theory of justice based on self-ownership would not see as acceptable the needs-based deductions from the general stock which Marx advocates. Once again, in a footnote, Cohen entertains doubts and claims "One might question any case, all of the deductions (see p. 33 above) contradict self-ownership, but some of them certainly do".<sup>215</sup> Further, according to Cohen, self-ownership would render as exploitative a situation in which a disabled owns means of production and employs an able person, and, due to his ownership, receives no more than he would in the case of needs-based allocation. Another example which Cohen provides is that of "clean capital accumulation". He imagines a society in which the joint ownership of resources condition is not violated and each individual receives his equal share of capital goods. Due to different preferences for work and leisure, as well as due to different natural endowments, after several generations, there might come about large differences in

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<sup>214</sup> G. A. Cohen and Keith Graham, "Self-Ownership, Communism and Equality", *Proceedings of the Aristotelian Society, Supplementary Volumes*, Vol. 64 (1990), pp.25-61, G.A. Cohen, "Marxism and Contemporary Political Philosophy, or: Why Nozick Exercises Some Marxists More than He Does Any Egalitarian Liberals," *Canadian Journal of Philosophy*, Supplementary Volume 16 (1990), 363-87, also see Chapters 5, 6 and 8 from G.A. Cohen, *Self-ownership, freedom, and equality*

<sup>215</sup> G. A. Cohen and Keith Graham, "Self-Ownership, Communism and Equality", 34n21



ownership of material goods. This would allow some to hire others at exploitative wages.<sup>216</sup> A self-ownership conception of justice would not see this as a problem, Cohen argues. Thus, Cohen believes Marxists have not distinguished themselves enough from left-libertarians. Rather than support left-libertarians, Marxists should, according to Cohen, “embrace the anti-self-ownership tenet attributed to Rawls and Dworkin above.”<sup>217</sup>

Several replies can be made to Cohen, just to clear the ground before moving to the crux of the argument. Firstly, deductions through taxation for public goods, such as “reserve or insurance funds to provide against accidents, dislocations caused by natural calamities” or “common satisfaction of needs, such as schools, health services”, if properly administered, do not represent violations of self-ownership. A self-ownership-based conception might mandate a unique form of administering these deductions (the radical democracy defended below). Yet, limited self-ownership is not contradictory to deductions through taxation. Moreover, as argued above, deductions for need are based on the joint ownership of the world.

The only principle which seems to conflict head-on with self-ownership is that of maximum permissible inequalities, or, as it will be called later, minimum necessary inequalities. Can one’s earnings be limited for no other reason than the fact that they are too high? Libertarians, both left and right, believe that no. Yet, Marx, given his labor theory of value and his remarks on the forms of profit, would agree. Once again, on a textual basis, it would be impossible to discern what Marx would say in the case of clean capitalist accumulation, the most articulated objection to self-ownership, even in its limited form.

The first possible strategy is to claim that a socialist society, in which the circumstances of justice would not have disappeared, would embody several values. Reciprocity would be one of

<sup>216</sup> G. A. Cohen and Keith Graham, “Self-Ownership, Communism and Equality”, 28.

<sup>217</sup> G. A. Cohen and Keith Graham, “Self-Ownership, Communism and Equality”, 28.

them, and self-ownership another. Reciprocity (or something akin to self-respect) would ground the principle of minimum necessary inequalities, while self-ownership and world-ownership would provide for the rest. As long as the values are not incompatible, this strategy is neither impossible nor unappealing. Another possibility is to abandon talk of reciprocity and to merely argue that it is empirically impossible in a society in which there is no private property of means of production (a strong form of left-libertarianism) for inequalities where some are forced to work for others to emerge.

Finally, another interpretation of self-ownership can be provided. In this interpretation, self-ownership includes a right to the effective means of exercising it. In Rawlsian terms, this could be called “the fair value of self-ownership”. Thus, in addition to the claims based on equal ownership of the world, an individual might make a claim based on the fair value of self-ownership. If one is able to work and somehow makes the worst out of the productive resources to which he is entitled, one could still demand enough resources to not be forced to work for others at an exploitative wage. Moreover, this can be read as a relational concept, in the sense that it would limit inequalities, rather than only offer a sufficient threshold, such as a plot of land. Inequality could be limited to assure that no one is compelled to work for others, and thus his self-ownership is not violated. This simple modification would harmonize the libertarian and the egalitarian strands in Marx and avoid the necessity of trying to find alternative principle which do not cohere with other parts of Marx’ texts.<sup>218</sup>

At this point, a crucial objection to the account described has to be answered. This relates to the overall architecture of this account, rather than its textual basis. This objection takes into account the very limited conception of self-ownership defended and postulates its

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<sup>218</sup> Warren, “Self-Ownership, Reciprocity, and Exploitation”, 44

conclusion. According to this limited view of self-ownership, one owns only labor and not talents. Further, one is also owed enough resources to make this self-ownership meaningful (thus, eliminating Able-Infirm types of critique). However, when putting all these premises together, the objector can point to the fact that the theory looks very much like luck egalitarianism. In other words, Marx can be read (as Warren does) as proposing a distribution which is, in Dworkin's famous words ambition-sensitive and endowment-insensitive (since one does not own his talents). Further, according to the objection, Marx's normative commitments could be formulated without appealing to self-ownership or taking the tortuous route of separating ownership of work and ownership of talents.

Eliminating the principle of self-ownership and replacing it with a luck-egalitarian reading has several consequences for the wider theory. Firstly, distributive claims in a just society (communism) would be made with reference to the principle of neutralization of bad luck (the principle of justice prevalent in that society). They would not be based on self-ownership. Further, according to this account, Marx's labor theory of value does not ground the idea of self-ownership. Rather, the labor theory of value can be read as an appeal (in addition to its pretended scientific value) to aim for the overcoming of exploitation. This account runs into difficulty when having to explain the normative wrong of exploitation (the special role it plays in Marx's theory, not only exploitation as a deviation from the principle of distributive justice). However, it can do so without necessarily having to make recourse to the luck-egalitarian linchpin. Alternatively, other values which Marx seems to share can be pointed out to. Exploitation would be a moral wrong because owners of means of production do not properly participate in a cooperative scheme. They are recipients of material benefits, without being proper agents in

society. Finally, ideals such as community can be used to ground Marx's appeals to the socialization of property by the associated producers.

Firstly, it has to be mentioned that while the wide consensus among left-libertarians is that self-ownership should be understood as ranging over both talents and labor, a different view is possible. This has been formulated by Hillel Steiner in his paper "Original Rights and Just Redistribution". According to this view, while one might own the energy he expends, he does not have a moral right to the superior endowments nature has gifted him with. Steiner argues that genetic information can be seen as a natural resource to be paid rent for, as opposed to something that properly belongs to the individual. Thus, better endowed people do not deserve the superior rewards they can get.<sup>219</sup>

Steiner reaches this conclusion when attempting to diffuse the "begetting objection". According to this objection, one who holds to the principle of self-ownership must accept the obvious conclusion that children are the property of the parents who have made them. Since parents own themselves and their labor, they must own their children. These come out of parts of their bodies, which are their property. Steiner rejects this objection by arguing that germ-line genetic information is a natural resource. This gives children the right of self-ownership upon maturity while their parents maintain rights over them. Steiner is not exactly clear how come parents do not have full rights of self-ownership over their children, only pointing in an endnote to the fact that since genetic information is a common resource, society also has a claim to the children.<sup>220</sup>

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<sup>219</sup> Hillel Steiner "Original Rights and Just Redistribution" in Peter Vallentyne and Hillel Steiner, *Left Libertarianism and Its Critics: The Contemporary Debate* (New York: Palgrave Publishers Ltd, 2000), 88

<sup>220</sup> Steiner, "Original Rights and Just Redistribution" 88n25.

Further, while the conception of limited self-ownership has luck-egalitarian implications, it differs from luck egalitarianism at the level of normative fundamentals. While luck egalitarianism operates with a concept of desert, limited self-ownership believes people have ownership rights over (parts) of themselves. One case that would separate the two conceptions is the one of expensive tastes. In a welfarist luck-egalitarian view, for example, under certain circumstances, one is not responsible for his or her expensive tastes. On the other hand, on a Dworkinian, resourcist view, people should not be compensated for these tastes. However, both these conceptions share the fact that an argument needs to be provided for or against compensation.<sup>221</sup> Moreover, this argument needs to investigate whether these tastes are deserved or not.

A Marxian, limited self-ownership would differ on how it answers this problem. In a limited self-ownership system, talents, tastes, efforts and disabilities are treated differently. Disabilities (either genetic or due to bad brute luck, such as being run over by a car) are not compensated per se. The self-ownership premise does no normative work in the case of disabilities. As discussed above, it is the joint world ownership that permits resources to be transferred to the disabled. Thus, the disabled are not properly compensated (nor is there any attempt to track the amount of compensation which would put a disabled on a proper footing of equality given the extent of his lack in resources/welfare) for their disability. Rather, the share of their rent is paid as well as something extra due to giving up equal control in the sphere of work. Further, wider compensation for bad brute luck would not exist outside self-chosen insurance.

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<sup>221</sup> Ronald Dworkin, *Sovereign Virtue: The Theory and Practice of Equality* (Cambridge, Mass: Harvard University Press, 2000); G. A. Cohen, *On the Currency of Egalitarian Justice, and Other Essays in Political Philosophy*, ed. Michael Otsuka (Princeton, N.J: Princeton University Press, 2011).

While individuals would not own private property, communal enterprises will have to insure themselves against vicissitudes.

Secondly, a luck-egalitarian conception would differ from a limited self-ownership one when it comes to tastes. In a limited self-ownership view, tastes are not to be compensated. Luck egalitarians sometimes debate whether tastes and talents are similar or dissimilar (also if they are individual's responsibility or not). A self-ownership framework would easily assign talents as something that the individual does not own and can be taxed for the income they bring, while tastes are something that no compensation is owed for. Marx speaks of the worker who has a family and for whom the labor contribution principle would be unfair. However, the limited self-ownership framework can account for the family (by taking into consideration the future self-ownership of the children or the social importance of reproductive and care work) without treating it as a "taste". This allows for tastes to go uncompensated while talents taxed. A luck-egalitarian framework would see having a family as akin to strongly liking photography and, depending on the wider framework, would compensate or fail to do so for both.

On the self-ownership view, the distinction is not choice/circumstance or resources/welfare or option/brute luck. A differentiation is properly made between what an individual owns and what he does not. There is no concept of deserving or not deserving something. Rather, the ownership/non-ownership is independently established and the distribution is to model that. No separate argument about what one is responsible for is needed. Rather, as in standard left and right libertarian accounts, analysis begins from the concept of labor as energy expenditure and as intimately connected with the person and the body.

Finally, to conclude this section, the self-ownership conception defended above has to be squared with Marx's theory of history and his utopian ideas of communism. The main criticism

to be rejected is the argument for the epiphenomenal character of the principle of self-ownership. This view would accept that the theory of exploitation and the labor theory of value involve self-ownership. However, it would hold that self-ownership cannot be proposed as a principle of justice for communism. Marx argued that the labor theory of value would no longer hold in communism. Therefore, in this reading, self-ownership might be a proper reading of Marx's principle for condemning capitalism, but would not be appropriate as a theory of justice.

One approach to answer this conundrum should be first rejected. As seen above, Peffer and Reiman prefer to accept the utopian character of communism and to formulate theories of justice designed either for the intermediary stage of socialism ( Peffer) or for "here and now" (Reiman). This is an easy solution to the problem, but betrays the essence of Marx's theory of history. As seen in the first chapter, a theory of justice ( in this case limited self-ownership) can represent be at the same time the correct theory of justice and not be necessary due to social abundance and the transformation of the human nature. It would be much more charitable to Marx to claim that justice as self-ownership represents the best rational reconstruction of his texts, but that his utopian society would not require any theory of justice to be implemented.

The other trap the conception of limited self-ownership defended here should avoid is to be presented as a timeless pre-political view, to be protected when civil society is established. While the two paragraphs above rejected a criticism which relies on seeing Marx as a fully relativist philosopher ( all principles of justice are nothing but expressions of the current stage of evolution of forces of production) the other extreme is also possible. It could be argued that if an author defends a theory of justice, then he must believe it holds in all times and places. Yet Marx is not a Lockean, defending the idea of pre-political rights. Once again, going to the discussions mentioned in the first chapter, it is not inconsistent to hold that the principle of self-ownership

defended above is neither pre-political nor timeless. It is political in the sense that it is formulated and (could be) upheld after a political state has been established and does not hold in a state of nature. Marx would not accept that any “natural” principles of justice can hold. Nor is the idea of self-ownership timeless: it emerges with the formation of proletarian consciousness and cannot be used to condemn previous societies. However, once the proletariat emerges, the idea of self-ownership can be used to condemn the exploitation of capitalism and this condemnation is morally relevant.

This poses an apparent paradox for the reconciliation attempted here. Theories of justice are offered as prescriptions for a better society. It would seem, however, that any interpreter of Marx needs to see the theory of justice proposed as both the true theory of justice and as an unnecessary one. Why have any prescriptions when social forces push towards a society where prescriptions disappear? Yet, if one divorces normative theory from social theory, one can support the following reading: justice as self-ownership is true, emerges in late capitalism, but communism will be a society in which its institutional implementation will be unnecessary due to radical abundance.

#### *2.3.3.4. Marx's normative premises 2: absence of alienation*

The third Marxian normative premise is that of an absence of alienation. The theory of alienation has been presented above, so only several aspects of this premise have to be developed here. To state it simply, a socialist society should aim at minimizing the amount of alienation present in it and to maximize the opportunity for self-realization. In order to do so, such a society would need to 1. Eliminate to the greatest extent possible the assignation of monotonous and



routine tasks only to some individuals 2. Increase the connection between the individual and the product which comes out from the productive activity.

The key solution for transcending alienation is workplace democracy. Several variations can be imagined: a more limited version would only require that the workers collectively control the major direction of the firm and leave minute decisions to democratically elected and democratically dismissible managers. A more comprehensive version would involve abolishing the distinction between managing tasks and execution tasks and establishing a system of democratic sharing of both. The first is suggested by David Schweickart<sup>222</sup>, while the second by Iris Marion Young.<sup>223</sup> A discussion on exactly what type of scheme a firm might adopt will be presented below. However, at this stage it should be said that the aim to abolish alienation would mandate a strong participatory right and a strong right to not have to do meaningless jobs.

Within liberal theory, a debate has emerged whether people have a right to meaningful work and if yes, can this be imposed on people under the premises of neutral liberalism. This debate will be presented in the next chapter, on property-owning democracy. However, under a socialist, Marxian outlook, the case for a universal right to meaningful work is stronger. A rational reconstruction of Marx does not need to take into account the value of state neutrality. Moreover, as Elster also claims, Marx has a theory of the human good, which is self-realization through labor.

However, a society would probably not impose on everybody a requirement that they participate equally in productive decisions or that they abolish workplace division of labor. But, unlike in a liberal society, a socialist one would have a stronger case for perfectionist subsidies

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<sup>222</sup> David Schweickart, *Against capitalism*, (Boulder, Colorado : Westview Press, 1996) and David Schweickart “Property-Owning Democracy or Economic Democracy?” in Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012.)

<sup>223</sup> Iris Marion Young, *Justice and the politics of difference*, (Princeton, N.J. : Princeton University Press, c1990)

for firms where workplace democracy is a value. Further, unlike in a liberal society, the value of self-realization could be taught in state schools or could be publicly advocated by state authorities.

A distinction should be made at this point between the first two and the third premise. While they might have the same effects on institutional design, their normative fundamentals are different. The premises of limited self-ownership and equal access to initial resources govern rewards, while the absence of alienation governs control. Rewards can be interpreted in any meaningful way, but they refer to material resources. Control is a more abstract value, relating to the ability to exercise power over things or people (or to not have such power exercised on you). Of course, sometimes, to enforce the appropriate reward pattern, control is required (for example, to move towards a more egalitarian distribution of property, more decisions could be taken by direct democracy). Thus, while control might also be instrumental for ensuring appropriate reward, it is also a fundamental value in any Marxian theory.

#### **2.3.4. Principles and institutional suggestions**

Any theory relying on Marx's work has to take into account the fact that Marx believed the final stage of society would be one without competing claims on scarce resources. This creates major difficulties in attempting to postulate principles of justice. Some authors, such as Elster and Geras claim that "From each according to his ability, to each according to his needs!" is a principle of distributive justice, which can be complemented with a proper and reasonable account of needs. Rawls denies this claim and avers that this principle of needs is only a descriptive principle in a society beyond justice.

Despite the problem mentioned above, principles can be specified based on the Marxist texts. A rigorous Marxist might reject the need to specify actual principles to morally assess capitalism. If capitalism is doomed, and a society beyond justice is at the end, why would one need to actually formulate principles of justice based on the Marxist texts? Firstly, since Marx does condemn capitalism as unjust, as one could see above, it would be useful to discern what evaluative principles he uses. They might not be social goals to be implemented, but they are at least principles against which a society is to be evaluated. Secondly, it is helpful to see what principles would a Marxist who rejects the claim that a society beyond justice is possible and that relativism about justice is a true or acceptable position. Even if Marx himself is sometimes absurd, a theory derived from the non-absurd part of his texts is desirable.

The central Marxist principle of justice **could be conceptualized as equal collective control over social decisions and processes. This is derivable from the normative premises defended above and represents the only solution for having limited self-ownership, joint world ownership and absence of alienation respected.** This principle would have to be broken down into three sub-principles and then each of these assessed against the main tenets identified above.

#### *2.3.4.1. Equal control over economic processes*

This principle would require collective control at the level of the productive unit, whatever that might be. It might be implemented through a system of democratically controlled cooperative firms. They could be ruled directly by the producers' representatives or the workers could employ a professional manager. This principle would abolish exploitation and alienation for several reasons. Firstly, workers could fully control the surplus value they are entitled to

according to limited self-ownership. They could vote on what they earn as well as on investment decisions. They can freely choose whether they prefer to work more and earn more revenue or whether they prefer more leisure time and less revenue. Moreover, these decisions might be democratically coordinated at the level of the economic branch or at the level of the economy in order to avoid unregulated races to the bottom on the work/leisure distinction.

According to Samuel Freeman, there is an essential difference between liberals and Marxists. Even high liberals like Rawls would see a role for the market in the distribution of the factors of production. Liberals argue that this is the more efficient way of allocating productive resources. Rawls himself distinguishes between the allocative and the distributive functions of the market. The first refers to the allocation of productive resources, while the second to the allocation of income and benefits. Rawls argues that the market is good for allocative, but not for distributive purposes. According to the principle of equal control over economic processes, it might very plausibly be the case that democratic decisions should be used to govern investment decisions at the branch or national level (such as the total rate of economic growth in a society).<sup>224</sup>

Two possible institutional schemes are imaginable under these limitations. Firstly, Schweickart's economic democracy would abolish the distinction between salaried work and property shares. According to Schweickart workers' collectives would borrow capital from the state and pay back money for this. Each individual would be paid as a percentage of profit after deductions for investment and taxes. The differential percentages would be decided in accordance with skill, seniority and labor contribution.<sup>225</sup> A similar scheme which this author proposes would maintain the analytical distinction between salary and income from ownership.

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<sup>224</sup> Personal communication with Samuel Freeman

<sup>225</sup> Schweickart "Property-Owning Democracy or Economic Democracy?"

However, with both the salary fund and the income fund controlled by the same workers' assembly, the distinction would remain only an accounting fiction.

Yet, maintaining this distinction would be important for two reasons. The first would efficiency. By being able to see how much of the revenue to re-invest and how much to distribute in wages and dividends, workers would have a clearer image on what they are voting on. Secondly, reasons of justice would also be important. Ownership would be equal, while salaries unequal. Equal ownership and equal votes would realize the principle of equal control while unequal salaries would realize the principle of minimum necessary inequalities (see below). Moreover, a democratic decision of how to set the higher salaries and how much of the revenue to dedicate to salaries would allow for flexibility in the negotiations between workers and managers (or people with productive ideas).

For exemplification, one can imagine a three-person enterprise composed of two workers and a manager. After deductions for the state, the firm can decide on two main issues: how to set the salary of the manager as opposed to that of the workers and how to allocate the revenue between investment, equal dividends and unequal salaries. The manager might be more talented or more skilled, but he would need the workers to produce anything and the workers would benefit from a competent manager. Moreover, the fact that workers would always outnumber managers is also a realistic assumption. Let us assume that the revenue is 1000 \$ and that the collective agree to pay the second worker (let us assume a more experienced one) two times more than the first worker and the manager thrice as much.

Out of all possible scenarios, two could be imagined. One in which the democratically decided distribution of the 1000\$ goes:

Investment-200\$, Dividends-600\$, Salaries-200\$ .

The first worker: 200\$ dividends+ 33\$ salary=233 \$

The second worker: 200\$ dividends+67\$ salary=267 \$

The manager: 200 \$ dividends+100\$ salary=300 \$

Second scenario(for example a particularly talented manager):

Investment 200\$, Dividends-300\$, Salaries-500\$

The first worker: 100\$ dividends+83\$ salary=183\$

The second worker: 100\$ dividends+ 167\$ salary=266\$

Manager: 100\$ dividends+250\$ salary=350\$

Alienation would be overcome because people could directly participate at the stage of creation of products. Of course, a Marxist theory of justice would not require that everyone equally directly and equally participates in the design of a new product or that society reverts to a pre-industrial age in which the artisan owned his means of production and had a personal relationship with his product. However, being able to vote on what products a firm can produce would give the individual a closer relationship to them. Those who are more creative might be allocated to the design and have their designs voted upon the others. In this way each person could say that the collective product is also his product.

Iris Marion Young argued that the division between managing tasks and execution tasks would be abolished in a just society. However, there is no such requirement anywhere in the Marxist theory. Of course, a strong principle of equality of opportunity would be but it is realistic to expect that at least some people, even if offered the highest opportunities, would prefer to have a less intense job, with fewer responsibilities with more leisure time and a high enough income. Those attracted particularly to top jobs could pursue them. Finally, particularly unpleasant work could be shared if there would not be people to do it when doing it is not imposed by lack of any other opportunities.

Marx himself believed such a society would significantly increase spare time. But, if it would not, the decision would be made by those directly affected by it.

*“Capital adds is that it increases the surplus labour time of the mass by all the means of art and science, because its wealth consists directly in the appropriation of surplus labour time; since value directly its purpose, not use value. It is thus, despite itself, instrumental in creating*

*the means of social disposable time, in order to reduce labour time for the whole society to a diminishing minimum, and thus to free everyone's time for their own development. But its tendency always, on the one side, to create disposable time, on the other, to convert it into surplus labour.*<sup>226</sup>

One possible problem which might arise in these circumstances is whether a majority decision of the collective of workers could be considered non-exploitative. While collectively workers could have control over the surplus value, an individual worker could be in a minority. He or she would have less control if the enterprise is large or more control if it employs less people. One could meaningfully accuse the system of exposing one to the exploitation of the majority.

It would be impossible to argue for a way to give each individual worker equal control. Marx speaks of the “associated producers” and imagines equal control would happen collectively. Moreover, there is no way to organize activity in certain economic sectors without the cooperation in close quarters of a large number of people. The only possible solution would be to make the exit option as palatable as possible. The state could mandate some basic income for the time when one is not participating in a firm. This would allow a person to be able to find a place where a majority fits his preferences.<sup>227</sup>

#### *2.3.4.2 Equal control over political processes*

The Marxist texts make it clear that some part of the social product would have to be controlled collectively by the whole community. It can be inferred the community should democratically administer this part of the surplus also. The community would use this part of the social product to create public goods and to provide for those who cannot work and those who

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<sup>226</sup> Marx, *Grundrisse*, 708

<sup>227</sup> This problem was suggested to me during the supervisory panel discussions. It also appears in Arneson, *What's Wrong with Exploitation?*, 226

are not yet able to work (children). While Marx does not explicitly say it, one can deduce that he would insist on the importance of education for children. Many times he bemoans the absence of this education or its inappropriate provision. This would probably have to be translated into a principle of equality of opportunity.

Moreover, Marx himself deplores the Asiatic mode of production. Unlike in capitalism, where the surplus value produced by the worker is taken by the capitalist, in the Asiatic mode of production the producer is exploited by the state. The state is the nominal owner of the means of production and its officials are the ones that enjoy the fruits of other people's labor. In Marx's view, exploitation by the state would also be unjust. Thus, he can be interpreted as demanding equal control also at the social level.

Finally, in a postscript by Engels to the *Civil War in France*, one can get a glimpse of what kind of representative institutions Marx would agree to:

*The Commune made that catchword of bourgeois revolutions — cheap government — a reality by destroying the two greatest sources of expenditure: the standing army and state functionarism [...]*

*From the outset the Commune was compelled to recognize that the working class, once come to power, could not manage with the old state machine; that in order not to lose again its only just conquered supremacy, this working class must, on the one hand, do away with all the old repressive machinery previously used against it itself, and, on the other, safeguard itself against its own deputies and officials, by declaring them all, without exception, subject to recall at any moment. [...]*

*Against this transformation of the state and the organs of the state from servants of society into masters of society — an inevitable transformation in all previous states — the Commune made use of two infallible expedients. In this first place, it filled all posts — administrative, judicial, and educational — by election on the basis of universal suffrage of all concerned, with the right of the same electors to recall their delegate at any time. And in the second place, all officials, high or low, were paid only the wages received by other workers. The highest salary paid by the Commune to anyone was 6,000 francs. In this way an effective barrier to place-hunting and careerism was set up, even apart from the binding mandates to delegates to representative bodies which were also added in profusion.<sup>228</sup>*

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<sup>228</sup> Friedrich Engels, postscript to Marx, *The Civil War in France*, [http://www.marxists.org/archive/marx/works/download/Marx\\_The\\_Civil\\_War\\_in\\_France.pdf](http://www.marxists.org/archive/marx/works/download/Marx_The_Civil_War_in_France.pdf), Accessed 16.05.2011



From this passage as well as from the premises drawn above, one can derive the following elements of equal control over the social product: 1. universal suffrage 2. short-term mandates 3. imperative or close to imperative mandates and 4. possibility of recalling representatives. These institutional devices would abolish exploitation and alienation at the social level also. Individuals could control the surplus value which the state takes away from them and they could also express their creative ideas at the level of the creation of public goods.

Unlike liberals, Marx himself would definitely not make special provisions for rights against the community. Marx believes human rights, as they are understood in liberalism, are nothing else but contraptions for defending an alienated individual. As seen above, he sees rights as useful only for alienated and egoistic men. Once this would be transcended, rights and liberties would not be necessary. However, one can assume that the operation of the requirement of equal control at the social level could involve the guarantee of basic freedoms even if indirectly. However, imputing to Marx or a Marxist theory a principle of liberties would be a mistake.

#### *2.3.4.3. Minimum necessary inequalities*

Material inequalities allowed by a Marxist theory would be limited to those derivable from the profit of enterprise or wages of supervision. This would be the maximum allowable and would probably need to be legalized. Of course, through the operation of democratic negotiations as outlined above, managers and workers could negotiate smaller degrees of differences between their salaries. However, this principle would set the maximum bound of inequality and forbid talented people to take advantage of some particularly good circumstances and exercise strong vetos in wage bargaining.

Marx himself would probably not conceive the existence of wage bargaining because of his assumption of the disappearance of the circumstances of justice. Individuals who are not selfish do not demand more of the social product than they are entitled to. Moreover, taking Marx's assumption seriously, one would need to imagine individuals who do not even conceive of negotiating for more.

Relaxing that assumption, two possible situations can be imagined. The first one would be a Cohenian society in which people who act from a sense of justice refuse to bargain for more than they are entitled to. The main difference between the Cohenian society and the hopelessly utopian Marxist one would be that in the former people would be aware that their talents or ideas could fetch them more income in the market. Yet, acting from an internalized sense of justice, they would simply refuse to act in such a way to demand more than their fair share. In this case, the principle of minimum necessary inequalities would closely resemble Cohen's strict interpretation of the difference principle. It would, however, not be a legal principle but an internalized principle of justice.<sup>229</sup>

An even further relaxation of the assumption of voluntary compliance would see the principle of minimum necessary inequalities legalized. This would assume a Rawlsian society, in which principles of justice would govern only social institutions and individuals would be allowed to act according to their own self-interest while respecting just laws. Marx makes mostly an analytical distinction between profit of enterprise/wages of supervision and interest. In practice, the two are hard to quantify. Yet, a value could be set to managerial or creative work, through negotiations, while taking into account both the labor and the increase in profit brought by a particular individual.

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<sup>229</sup> G. A. Cohen, *Rescuing justice and equality*, (Cambridge, Mass.: Harvard University Press, 2008), 38-40

This stipulation allows one to reject the claim that a Marxist theory of justice would leave no place for incentives. This has been the most widespread criticism against the Marxist conception and one of the main justifications for capitalism. Most philosophers and economists accept as an empirical premise the need for inequalities in order to create a bigger social product for everybody. Rawls justifies the need for incentives by comparing what everyone might have under an unequal society, but with inequalities benefitting the worst off, with what the worst off might have under equality. However, once the maximum possible increase for the worse off has been selected, Rawls does not put a cap on inequalities. If in a society with two people the maximum possible position of the worst off is 10, it is of no concern to the Rawlsian principles whether the better off own 12 or 100. The distinction between profit of enterprise/wages of supervision (the capitalist's legitimate share) and interest and ground-rent (illegitimate income) offers the resources in Marx's texts to stipulate the maximum limit of inequality in a society.

#### ***2.4. Conclusion: differences and defenses***

The Marxian theory of justice presented in this chapter might seem similar to those summarized in its beginning. Both Peffer and Reiman build theories which include satisfaction of needs, freedoms, equality and workplace democracy. However, notable differences can be discerned, especially at the level of normative fundamentals. The theory defended above starts from the concept of limited self-ownership, as opposed to that of freedom. It does so because it believes a theory of structural coercion such as Marx's must presuppose one of self-ownership. The theory is libertarian in sense that it allows for some form of self-ownership, but also egalitarian in its interpretation of the concept. Finally, rather than submerging self-realization under freedom, it sees it as a separate value to be realized.

Another main difference from Peffer and Reiman is that the present theory does not aim to graft some of Marx on Rawls or the other way around. Rather, it seeks to offer rational reconstruction of Marx's texts, taking into account the possible pitfalls identified by the literature. While each author is free to build his own theory, the methodology employed here is to keep these two thinkers' theories separate for clarity and coherence. This way, their theories can be then contrasted. One main consequence of this approach is that the egalitarian component in the theory is not based on a Rawlsian value such as self-respect, as Peffer's is. Rather, it is related to limits on self-ownership and the theory of profit which Marx elaborates.

Further, this theory distinguishes itself from Reiman's in also in other aspects. Reiman takes his premise of a natural interest in liberty from Locke. This leads to an eclectic theory, which bears little similarity to a reconstruction of Marx's.<sup>230</sup> Moreover, to make the Marxian and the Lockean aspects consistent, Reiman (like Peffer) claims that Marx also believes that people have a strong interest in liberty and absence of coercion. He goes as far as to argue that Marx's theory of ideology means that ideological conceptions concealed (only) the coerciveness of capitalism<sup>231</sup>, conveniently excluding the parts about the inequality of exchange or the material bases of existence. Thus, Both Peffer and Reiman argue that negative rights are a fundamental part of Marx. However, this theory claims that on the basis of Marx' texts, his criticism of negative rights should be taken seriously. This does not mean that the other principles, when operating together will not ensure a fair degree of personal liberty. Only that this is not fundamental. Reiman's claim should be reversed: rather than freedom implying self-ownership, self-ownership and its associates imply freedom.

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<sup>230</sup> For consistency's sake, Peffer and Reiman go as far as to argue that Marx had (at least originally) a Kantian view of people and that he criticized, negative rights only because they were not realized, Peffer, *Marxism, Morality, and Social Justice*, 122, 327 and Reiman, *As Free and as Just as Possible*, 212

<sup>231</sup> Reiman, *As Free and as Just as Possible*, 33

The theory distinguishes itself from those authors who have offered interpretations of Marx around concepts such as need or reciprocity. The main criticism is that they do not establish normative fundamental premises, but only principles of distribution. Reciprocity according to labor contribution is reducible to self-ownership if properly interpreted. Reciprocity pure and simple does not lead to the same conclusion: it is derivable from the fact of cooperation among people. However, if reward is to bear any relation to labor contribution, then labor must have the special status which self-ownership, even in a limited form, gives it. Needs based distribution is both risky and can be accommodated. It is risky because establishing a standard of reasonable need by the state is risky. Moreover, such an agreement is hard to find, since everyone can put forward claims of need. A need principle is also vulnerable to the expensive tastes objection. Finally, it can be accommodated by this theory through the premise of joint world ownership or equal access to initial resources.

## Chapter 3: The Property-Owning Democracy

### *3.1. Introduction*

Within the broader Rawlsian conception, the topic of just institutions plays a significant part. While the principles of justice define the abstract ideal which Rawls believes a society should embody, it was not clear what kind of politico-economic institutions such a society would adopt. Liberals were left wondering about Rawls' position on the status of property while socialists jumped to attack Rawls as an apologetic of the welfare state. This chapter seeks to outline the Rawlsian conception of just institutions, and to delve into the previously-neglected but recently popularized concept of a property-owning democracy (POD).

This particular institutional arrangement represents a crucial stepping stone of the Rawlsian project, and it allows Rawls to both distinguish himself from the welfare state and to try to answer socialist criticisms. Rawls himself argues that the Marxist tradition has made important criticisms of liberalism, which need an appropriate answer. Four of these criticisms are taken up by the Harvard professor: that the rights granted by liberalism protect egoistic individuals, that they are merely formal, that they are only negative rights and that capitalism maintains a demeaning form of division of labor. Rawls argues that liberalism, properly understood and furnished with the economic system of a property owning democracy, can answer all these challenges. He avers that liberal rights promote individuals' higher order interests and that they are guaranteed at their fair value. Moreover, they are both positive and negative rights. Rawls also affirms that under a property owning democracy the demeaning features of the division of labor are overcome. In Rawls' own words:

*To the objection against the division of labor under capitalism, we reply that the narrowing and demeaning features of the division should be largely overcome once the institutions of a property-owning democracy are realized*<sup>232</sup>

The chapter will begin by outlining the literature on the topic. Broadly, works on the topic of property-owning democracy can be divided into two major groups. The first were written in the 1980s and were presented as a debate over whether Rawls would support some kind of welfare state or something else. After this debate died down, Rawls returned to the topic of just institutions only in the late 1990s and early 2000s with the publication of the revised edition of *A Theory of Justice*, of *Justice as Fairness: A Restatement* and the *Lectures on the History of Political Philosophy*. This offered new material for those interested in the topic and the discussion has been revived with two symposia and a volume published in recent years. Secondly, the chapter will outline some of the Rawlsian texts and theories which the literature many times refers to. This is an important step, because Rawls' remarks on the POD are generally not read in isolation. Many times, other texts are mobilized to defend a particular interpretation of what a property-owning democracy would include. This departs from the immediate reading of the texts on the POD, but, given their scarcity, it is a normal strategy to pursue for an author. These resources will include Rawls' theories on the moral right to own property, the theory of meaningful work, the Aristotelian principle and the theory of stability for the right reasons.

Further, in order to illuminate how a property owning democracy would look like, the chapter will address some of the questions in the literature. These involve a debate on whether, in Rawls' work, the case for POD over welfare state capitalism (WSC) rests on all or only on some

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<sup>232</sup> John Rawls, *Lectures on the History of Political Philosophy*, edited by Samuel Freeman, (Cambridge, Massachusetts and London, England: Harvard University Press, 2008), 320 also in John Rawls, *Justice as Fairness: A Restatement*, edited by Erin Kelly (Cambridge, Massachusetts: Belknap Press, 2001), 177

of the principles of justice. This allows one to understand the main differences between a POD and a welfare state capitalist regime. Also, the thesis will distinguish the property owning democracy from other solutions proposed in the literature such as the basic income or the stakeholder society. Secondly, the chapter will address the question what a property owning democracy is not and why imputing some features to it is simply mistaken. Within these discussions, the chapter will lean towards an understanding of the institutions of property-owning democracy as more of an equitable market than a system of democratic firms. The latter point will be argued especially with special reference to Rawls' liberal neutrality.

### **3.2. Literature review<sup>233</sup>**

In the 2012 work entitled *Property-Owning Democracy: Rawls and Beyond*, historian Ben Jackson traces the intellectual heritage of the term “property-owning democracy”. Jackson argues that this term has been given two very distinct meanings. On the one hand, conservatives used it as a foil for a caricatured version of communism, one based on exclusive state property. In conservative parlance, especially in the language of conservative prime-ministers Anthony Eden and Harold MacMillan, a property-owning democracy implied a wider dispersion of property, but without any redistributive schemes. According to conservatives, owning enough property was useful for keeping a lively and relatively independent-minded citizenry. However, conservatives, both in the 1920s and in the 1950s refused to conceive of the state forcefully redistributing property for achieving these goals. Finally, Margaret Thatcher is supposed to have

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<sup>233</sup> Parts of this section have also been published as a review of Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* (Oxford : Wiley-Blackwell, 2012), in *CEU Political Science Journal*, Vol. 7, No. 4 (December 2012)



used the term “property-owning democracy” when arguing for allowing those who rent public houses to buy them.<sup>234</sup>

The second strand of thinking about property-owning democracy is more akin to what John Rawls meant when he used the term. In this understanding, the words are given a far more egalitarian undertone. The main representative of this trend before Rawls was Labour Party economist James Meade. It is Meade’s work which Rawls refers to and it is through Rawls’ writings that Meade’s proposals became known in normative political theory. Jackson shows how policies later presented by Rawls, such as a high inheritance and property taxes were advocated by Meade’s colleagues in the Labour Party, a group he calls the “revisionists”. Finally, about Meade’s own contribution, Jackson points to his distinction between welfare state, a trade union state, property owning democracy, and socialism. Like Rawls, Meade rejects to first two, but unlike the Harvard professor, he argues for a combination of the latter. Meade does not think that a choice between the two is appropriate.<sup>235</sup>

Rawls mentions the term “property-owning democracy” (POD) only in passing in *A Theory of Justice*. While discussing aspects of political economy and how actual institutions could be harmonized with the principles of justice, Rawls introduces the theory of the four branches. However, shortly before, he makes the following remark: “I assume that the regime is a property-owning democracy since this case is likely to be better known.”<sup>236</sup> Rather than explaining the concept, Rawls refers in a footnote to James Meade’s work entitled *Efficiency, Equality and the Ownership of Property*.

<sup>234</sup> Ben Jackson, „Property-Ownning Democracy: A Short History” in Martin O’Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 35

<sup>235</sup> Jackson, „Property-Ownning Democracy: A Short History”, 43

<sup>236</sup> John Rawls, *A Theory of Justice*, revised edition (Cambridge, Massachusetts: Belknap Press, 1999), 242, also in the original edition (1971) 284.

Rawls then introduces the functions which he believes a just government should perform in the economy and the branches necessary for this undertaking. According to Rawls, the four branches are the allocation branch, the stabilization branch, the transfer branch and the distribution branch. The first is entrusted with keeping the price system competitive and preventing the formation of monopoly prices. In performing its duties, the allocation branch can also “alter property rights” or impose taxes and subsidies wherever the price system does not correspond to the proper social benefits and costs.<sup>237</sup> One good example of this might be striking down cartels or imposing pollution taxes to internalize externalities.

The stabilization branch is more akin to a government agency entrusted with carrying out Keynesian employment policies. Its main goal is to help bring the economy closer to full employment, consistent though with the principle of free choice of occupation. The third branch, the transfer one is charged with ensuring a social minimum. Finally, the fourth division of the economic system is the distribution branch. It aims to maintain “justice in distributive shares” by taxes and redistribution of property rights. This branch is divided in two parts: one which actually occupies itself with the redistribution and another which raises the income needed for justice. For this second function, Rawls supports inheritance and progressive taxation on consumption, possibly but not necessarily supplemented by income tax.<sup>238</sup>

Further, Rawls offers a defense of market institutions on grounds of both efficiency and fairness. He suggests that under a property owning democracy “many socialist criticisms of the market economy are met”.<sup>239</sup> He argues that only major macroeconomic decisions such as the society-wide interest rate should be under democratic, political control. The rest of the economic

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<sup>237</sup> Rawls, *A Theory of Justice*, 244

<sup>238</sup> Rawls, *A Theory of Justice*, 247.

<sup>239</sup> Rawls, *A Theory of Justice*, 248

decisions should be left to the properly adjusted market. Finally, Rawls maintains that after justice has been established, any public spending or redistributive scheme should be adopted only according to Wicksell's unanimity criterion. This would demand that a person presenting a public spending scheme would be forced to offer different alternative ways to funding it. The desired funding should be adopted with unanimity or near-so.<sup>240</sup>

Due to relative lack of attention for the issue of just institutions and the rather unclear remarks detailed above, Rawls was quickly criticized by left-wing writers for not going far enough. While analyzing Rawls' way of establishing who the worst-off individuals might be, Barry argued that Rawls is wrong about the causes of poverty. According to Barry, the main causes of poverty in a society are to be found outside the labor market. Barry argues that people are poor mostly because they are unemployed, sick or have children, as opposed to having a low income on the labor market. Barry blames Rawls for not focusing on these people and claims that Rawls is "an unreconstructed Gladstonian liberal" or that his work could be "found in a drawer of John Stuart Mill's or Herbert Spencer's desks".<sup>241</sup> Robert Paul Wolff, a left-wing anarchist, charged Rawls with not focusing on how goods are produced. He interprets Rawls as being opaque to issues of production and somehow treating the results of production as manna from heaven. This, according to Wolff, would lead Rawls to be indifferent between a welfare state with massive concentrations of private property in productive assets and democratic socialism. Obviously, Barry believes this indifference is a weak point in Rawls' theory, which he denominates "an apologia for the welfare state" and a "theory of pure distribution".<sup>242</sup>

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<sup>240</sup> Rawls, *A Theory of Justice*, 250

<sup>241</sup> Brian Barry, *The Liberal Theory of Justice: a Critical Examination of the Principal Doctrines in A Theory of Justice by John Rawls*, (Oxford : Clarendon Press, 1973), 50

<sup>242</sup> Robert Paul Wolff, *Understanding Rawls: a Reconstruction and Critique of A Theory of Justice*, (Princeton, New Jersey: Princeton University Press, 1977), 195-210

Arthur DiQuattro rebuts these original criticisms and maintains that Rawls' opponents have "rushed to judgment in characterizing his property-owning democracy as a capitalist welfare system" (WSC).<sup>243</sup> Moreover, DiQuattro also argues that capitalist institutions fail to pass Rawls' test of just institutions. He mobilizes Rawls' second principle to argue for his case. Di Quattro shows that capitalism would be rejected both because it allows some to earn while not working and because under it those with more education or natural skills are allowed to use their bargaining power unfairly. Also, DiQuattro describes property-owning democracy as a society in which each individual gets at least a part of his income from property ownership. Moreover, Di Quattro outlines the reasons for which he believes Rawls leaves a large part of economic decisions to the market. He points out to Rawls' distinction between the allocative and the distributive function of prices. Finally, he defends Rawls against those critics who maintain that he is not sensitive to the value of community.<sup>244</sup>

Richard Krouse and Michael McPherson also referred to Rawls' ideal political economy in a book chapter published in 1988. Similarly to DiQuattro they rejected the "consensus" that Rawls' political economy is some kind of welfare state. The two authors go directly to Meade's work to show that the latter envisioned a system with egalitarian inheritance laws, to block intergenerational transfers, opportunities for small savers and equality of opportunity in education. Krouse and McPherson also, for the first time, formulate the essential difference between welfare-state capitalism and property-owning democracy. In their view, welfare state capitalism accepts wide inequalities in the ownership of material and human capital, but attempts to reduce the disparities in market outcomes. On the other hand, property-owning democracy is a political-economy regime under which inequality in the underlying distribution of property,

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<sup>243</sup> Arthur DiQuattro, "Rawls and Left Criticism", *Political Theory*, Vol. 11, No. 1 (Feb., 1983), pp. 53-78

<sup>244</sup> DiQuattro, "Rawls and Left Criticism"

wealth and human knowledge is severely reduced. On this occasion, the two authors also formulate the distinction between *ex post* (after the market has run its course) and *ex ante* (before the individual enters the market) redistribution.<sup>245</sup>

Further, Krouse and McPherson follow an indirect route to showing that Rawls excludes the welfare state from his just institutional schemes. They analyze each of Rawls' principles in turn and show how the fair value of political liberties, as well as fair equality of opportunity could not be realized under a welfare state. They focus especially on the difference principle, as the locus of the most potent argument for a property-owning democracy over a welfare state. However, in the end of their article, the two authors argue that Rawls gives too much credit to the "equalization of initial endowments". They charge him with expecting too much from a market under these conditions. Alternatively, they seek to improve Rawls' theory by also adding the main tool of the welfare state: *ex post* redistribution of income. They argue that a tax on income would also be welcome and necessary, in addition to Rawls' preferred taxation on inheritance and on consumption. To argue for this, they rely on Rawls' rejection of natural talents and brute market luck as having any role in the distribution of benefits and burdens.<sup>246</sup>

An earlier article by the two authors sparked a debate between socialists and Rawlsians on the topic of institutions. While the theory of the property-owning democracy was not well-developed, Krouse and McPherson argued for a "mixed" property regime. They saw this regime as an alternative to both socialism and *laissez faire* capitalism. To put it briefly, they defined this regime as a "mixed" regime, one that included both traditional entrepreneurial or corporate firms

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<sup>245</sup> Richard Krouse and Michael McPherson, "Capitalism, <<Property-Owning Democracy>> and the Welfare State" in Amy Guttmann, ed. *Democracy and the Welfare State* (Princeton, New Jersey: Princeton University Press, 1988), 78-105.

<sup>246</sup> Krouse and McPherson, "Capitalism, <<Property-Owning Democracy>> and the Welfare State", 95

and cooperative or socialist firms, with the relations among firms governed by the market.”<sup>247</sup>

Similar to what this chapter will also argue for, Krouse and McPherson defend this regime on the basis the freedom to choose. They assume, however, that there is an appropriately equal distribution of productive assets. When confronted with the possibility of a regime mandating worker-controlled enterprises, the two authors argue that workers should have the alternative to choose between a worker-controlled and a managerial-type of enterprise. Some might prefer to work in the latter, either for reasons of efficiency or for an absence of an interest in workplace democracy.<sup>248</sup>

In a prophetic article Jon Elster replies to Krouse and McPherson. The article is prophetic because at the time the concept of POD was not developed and Elster himself states that “Krouse and McPherson's scheme rests on James Meade's 1964 pamphlet *Efficiency, Equality and the Ownership of Property*, which, as far as I know, has not been very fertile in generating further work”<sup>249</sup> He offers the only socialist criticisms addressed directly to the idea of a Property-Owning Democracy that is known in the literature until now. Due to the textual deficiencies at the time of Elster's writings he makes several confusions, which have been cleared up later (that a POD would contain a class of capitalists and one of wageworkers or that people whom do not receive bequests would fare worse when it comes to self-respect). However, two criticisms remain valid despite the further elaboration of the POD: whether such a regime would be stable and whether the values which this regime embodies would be the proper ones. Elster takes up the first and inquires whether in a mixed regime, worker-controlled firms might not tend to either go out of business or become very successful and turn into capitalist firms. Elster is not convinced

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<sup>247</sup> Richard Krouse and Michael McPherson, A "Mixed"-Property Regime: Equality and Liberty in a Market Economy, *Ethics*, Vol. 97, No. 1 (Oct., 1986), pp. 119-138, 119.

<sup>248</sup> Krouse and McPherson, A "Mixed"-Property Regime”

<sup>249</sup> Jon Elster, “Comments on Krouse and McPherson”, *Ethics*, Vol. 97, No. 1 (Oct., 1986), pp. 146-153, 147.

that a mixed regime would be a stable one, but does not go on to claim that it would not be. Moreover, he also wonders if there would be an overwhelming majority in favor of socialism, why the majority could not decide that capitalist firms should be abolished. In other words, Elster inquires whether the right to choose between a democratic and a managerial firm is a basic one.<sup>250</sup> In another article, Elster also argues that such a mixed regime would not embody the values of equality and equal concern and would not differ in its normative foundations from “wage capitalism”.<sup>251</sup>

Rawls offered replies to his critics in the preface to the revised edition of *A Theory of Justice* and especially in his *Justice as Fairness: A Restatement*. In these later works, he clearly distinguishes between welfare state capitalism and a property owning democracy and explicitly opts for the latter. In the preface to the 1999 version of *A Theory of Justice*, Rawls shows that he wishes to distinguish between the two concepts. He maintains that because both institutional structures allow for private ownership, they can be easily confused. However, according to Rawls, a property owning democracy works to disperse the ownership of wealth and capital, both of productive assets and of human capital. Rawls sees a property owning democracy as embodying a very different ideal than the welfare state. Rather than assisting those who lose out through the operation of the market, as the welfare state does, a property-owning democracy allows citizens to interact with each other from a footing of mutual respect. In this text, Rawls also makes it clear that a property-owning democracy would also allow for the implementation of the fair value of political liberties and of equality of opportunity.<sup>252</sup>

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<sup>250</sup> Elster, “Comments on Krouse and McPherson”, 153

<sup>251</sup> Jon Elster, “Comment on Van der Veen and Van Parijs”, *Theory and Society*, Vol. 15, No. 5 (Sep., 1986), pp. 709-721, 718-719.

<sup>252</sup> John Rawls, Preface to the revised edition of *A Theory of Justice* (Cambridge, Massachusetts: Belknap Press, 1999), xv

Rawls' most clear statements on the idea of a property owning democracy come in *Justice as Fairness: A Restatement*. Rawls compares five regimes: laissez-faire capitalism, welfare state, command economy, property-owning democracy and liberal socialism. He explicitly rejects the first three. According to Rawls, laissez-faire capitalism, or the regime which he called natural liberty in *A Theory of Justice*, accepts only formal equality and does not aim to secure the fair value of political and economic liberties. A command economy, on the other hand violates even the formal understanding of these ideas, imposing unacceptable commands on people. Finally, Rawls rejects the welfare state on account of it not aiming for the fair value of political liberties. By accepting large inequalities of income and wealth, Rawls argues, the welfare state does not properly isolate politics from economic structures. Moreover, Rawls sees the welfare state as applying a kind of sufficientarian principle, without regulating inequalities.<sup>253</sup>

Moving further, Rawls contrasts property-owning democracy and the welfare state. He argues that the welfare state permits the monopoly over ownership the means of production of a class, while the property owning democracy spreads ownership more widely. Rawls also employs the distinction between *ex ante* and *ex post* redistribution to clarify the difference between regimes. Rawls shows that by redistributing at the beginning of each period, a property owning democracy would not, unlike a welfare state, treat the least lucky as objects of charity. Likewise, a property owning democracy would embody the principles of reciprocity and mutual recognition. This way, Rawls maintains, a property-owning democracy would avoid the creation of a depressed underclass, which would be left out of participating in political culture. Only by offering each citizen enough productive assets, can society avoid such a pitfall. Moreover, Rawls also contrasts property-owning democracy and liberal socialism, but offers only scant remarks on

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<sup>253</sup> Rawls, *Justice as Fairness*, 135



the latter. He only mentions that in a liberal socialist system, the means of production would be owned by society, but that firms could operate in a competitive system. Rawls is agnostic between the two, believing that both regimes embody the principles of justice.<sup>254</sup>

Among the possible institutions of a property-owning democracy, Rawls mentions, borrowing from Mill, the idea of large taxes on bequest and inheritance. He defends a suggestion to tax the receiver of the inheritance or the bequest, as opposed to the estate being transmitted further. Secondly, Rawls also suggests progressive taxation on wealth and income, but only with the purpose of preventing large inequalities. Once these would be abolished, Rawls claims there might not be a need for a progressive taxation of income or wealth. Finally, Rawls proposes that proportional taxation should be imposed on consumption, rather than income. These targets each individual's appropriation from the goods and services produced.<sup>255</sup>

Samuel Freeman details Rawls' use of the terms liberal socialism, property owning democracy and communism. He shows that, as a liberal, Rawls believed in the importance of the market for allocation of resources (not of the results of the productive process) and for implementing the principle of the free choice of occupation. Thus, according to Freeman, for Rawls both liberal socialism and property owning democracy use markets, albeit with different structures of property in the means of production. However, even a democratic form of communism, which does not rely on the market, would force some people into some jobs and violate basic freedom, Freeman argues. He sees a property-owning democracy as a combination between syndicalism and welfare state capitalism.<sup>256</sup>

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<sup>254</sup> Rawls, *Justice as Fairness*, 140

<sup>255</sup> Rawls, *Justice as Fairness*, 158-161

<sup>256</sup> Samuel Freeman, *Rawls* (London and New York: Routledge, 2007), 224-226

Freeman also interprets Rawls' criticism of the welfare state in relation to his wider philosophy. Freeman argues that Rawls sees the welfare state as embodying some kind of restricted utilitarianism, as opposed to a need-based distribution which Rawls' own principles advocate. Freeman shows how, in Rawls' conception, the welfare state distributes benefits according to some welfare calculations, to improve the general well-being of society. Freeman then moves on to establish eleven characteristics of a property owning democracy. These include a more generous social minimum, the state acting as an employer of last resort, high inheritance taxes, universal health care, some kind of basic income, which, however depends on the willingness to work, redistributive taxation and a provision of the fair value of political liberties and equality of opportunity. Freeman also criticizes those who interpret Rawls as demanding only taxation on consumption and argues that taxation on income would also be part of the institutions of a property owning democracy.<sup>257</sup>

A 2011 symposium in Tilburg brought further clarification to the concept of property-owning democracy. The results of this symposium were published in a 2012 issue of the University of Pennsylvania journal, *The Good Society*. Several interesting essays were produced for this particular occasion.

Thad Williamson offers a broad article on situating Rawls' project in contemporary political philosophy. Especially, Williamson contrasts Rawls' political philosophy to Erik Olin Wright "emancipatory social science" and to Amartya Sen's sufficiency approach publicized in *The Idea of Justice*. Williamson is especially critical of Sen and his claim that for political philosophy, it is more important to establish a list of basic capabilities which humans need in

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<sup>257</sup> Freeman, *Rawls*, 227-231 Also Samuel Freeman, *Property-Owning Democracy and the Difference Principle*, unpublished manuscript, talk given at "Liberalism, Libertarianism, and Democracy: Theory and Practice" Summer School, Bogazici University, Istanbul, Turkey, July 2012

order to function. The task of politics is then to meet these needs. Williamson claims that Rawls' project is not necessarily flawed on this account, because it investigates comparative relations between people living together in one society. While Sen's book answers the question "what people need?", Rawls tells us more about what injustice in inter-human relations is. Finally, Williamson concludes that Rawls, unlike Sen, helps us to foster a belief in the practical possibility of a just regime, which is the property-owning democracy, a genuine alternative to capitalism. Without this, Williamson claims, the motivation for reform would be absent. Rawls is understood as offering, as Socrates did before him, a reply to Thrasymarchus' claim that justice is nothing but disguised self-interest of the rulers.<sup>258</sup>

Richard Dagger analyzes the connection between civic education and the property-owning democracy. He takes up the classical "surfer problem" posed by Philippe van Parijs.<sup>259</sup> Rawls avers that leisure should be seen as a basic good and that surfers who do not wish to work should have their leisure time subtracted from the index of primary goods they are entitled to from society. This allows him to conclude that surfers should not be kept at public expense.<sup>260</sup> However, Dagger looks to Freeman's interpretation of Rawls. Freeman is more generous to the surfer and believes that a property-owning democracy would offer some minimal income to the surfer, even under Rawls' conditions. Dagger wishes to "render the problem moot" and argue that a property-owning democracy would instill, through a civic education, a republican sense of virtue. This would determine more people to work, making the problem of the surfer basically disappear. Finally, Dagger sees the property-owning democracy more akin to Ackerman and

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<sup>258</sup> Thad Williamson, "An Emancipatory Interpretation of Property-Owning Democracy: Rawls, Wright, Sen, and Politics", *The Good Society*, Volume 21, Number 1, 2012, 74-88

<sup>259</sup> Philippe Van Parijs, "Why Surfers Should be Fed: The Liberal Case for an Unconditional Basic Income" *Philosophy & Public Affairs*, Vol. 20, No. 2 (Spring, 1991), pp. 101-131

<sup>260</sup> Rawls, *Justice as Fairness*, 179

Alstott's stakeholder society. The one time large initial grant young people would receive could represent the object of the republican education on responsibility and proper spending.<sup>261</sup>

One important text furnished by the symposium is Alan Thomas'. Thomas offers two separate arguments, each worth pursuing and analyzing in its own right. Firstly, Thomas shows how Rawls' choice of a property owning democracy over welfare state capitalism is overdetermined. In other words, Thomas takes a position between Freeman and O'Neill. He claims that the difference principle by itself could ground the choice for a POD over WSC, but that the fair value of political liberties and the fair equality of opportunity Rawls demands could not be achieved in a welfare state. Thomas also argues that the case is overdetermined because the two principles of justice operate together as a package to ground the choice for POD. Also, Thomas mobilizes the argument from stability to prove his case for overdetermined-ness. He believes that if a POD would be required only for the implementation of the difference principle, the application of the first two would be undermined because equality cannot be accepted in a society which does not guarantee the fair value of political liberties. Moreover, Thomas shows that in a POD, G.A. Cohen's critique would be moot because incentives of differential income would actually only be merely compensatory.<sup>262</sup>

Thomas' second argument is that the complexity of a modern market system mandates the implementation of a property-owning democracy. He interprets Rawls as saying, in his criticism of libertarianism, that the market cannot be made fair by making sure that each transaction is fair. Conversely, Thomas argues that Rawls believes, similarly to Adam Smith, that individual market transactions cannot be made fair because the contribution of each individual to the market

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<sup>261</sup> Richard Dagger, "Property-Owning Democracy, Civic Education, and the Reasonable Surfer", *The Good Society*, Volume 21, Number 1, 2012, 37-46.

<sup>262</sup> Alan Thomas, "Rawls, Adam Smith, and an Argument From Complexity To Property-Owning Democracy", *The Good Society*, Volume 21, Number 1, 2012, 4-20

product cannot be assessed. Thomas sees Rawls as endorsing Elizabeth Anderson's claim that each thing produced in the economy is "jointly produced by everyone working together".<sup>263</sup> Because of this, Thomas claims that it is impossible to make each transaction fair, but a fair market can only mean the "patterning" of its effects according to the principles of justice.<sup>264</sup>

Within this context, Thomas also makes several remarks on the choice between property owning democracy and liberal socialism (LS). He rejects the argument that Rawls would lean decisively in favor of the latter. Some have tried to show that Rawls would favor LS over POD. This choice would be grounded in the claim that worker-owned/managed firms in LS would help people educate themselves as good citizens and that this would have positive externalities. Thomas replies to this by using resources from Rawls' first principle, of equal liberties, understood to include the liberty to choose one's profession. He maintains that Rawls would see it as an acceptable situation for an individual to have a choice between a firm which encourages democratic participation and one which does not. Working in the latter would probably involve compensation at the wider social level, Thomas claims. Thus, he reads Rawls as rejecting theories of self-realization through civic participation or control over labor.<sup>265</sup> Thomas is quite right and actually overlooks several remarks Rawls makes directly on the issue which prove his point (at least does not reference the particular passage). Rawls acknowledges that an argument can be made in favor of liberal socialism and worker-managed firms on the basis of education and furtherance of participation and stability of a just constitutional regime. Yet, he can only

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<sup>263</sup> Elizabeth Anderson, "What is the Point of Equality" *Ethics* vol. 109 no. 2 (1999): 337. Quoted in Thomas, "Rawls, Adam Smith, and an Argument From Complexity To Property-Owning Democracy", 13.

<sup>264</sup> Thomas, "Rawls, Adam Smith, and an Argument From Complexity To Property-Owning Democracy", 13

<sup>265</sup> Thomas, "Rawls, Adam Smith, and an Argument From Complexity To Property-Owning Democracy", 14.

offer the agnostic claim that “I shall not pursue these questions. I have no idea of the answers, but certainly these questions call for careful examination.”<sup>266</sup>

The latest work in the literature on property owning democracy is the 2012 *Property-Owning Democracy: Rawls and Beyond*, edited by Martin O’Neill and Thad Williamson, the result of a 2009 symposium. A collection of essays which unites several contributions, the book brings together different perspectives on what a property owning democracy would be like, its feasibility and its characteristics. Some of the essays directly address the topic, while others only certain details. Several of the essays had been published in a 2009 issue of the *Journal of Social Philosophy*, to be revised and improved for the book. A very early version of the argument and a foreshadowing of the articles can be found in a review essay the two editors of the volume published in early 2009. A concrete application of the ideals of property owning democracy to current politics is a forthcoming publication.<sup>267</sup>

The most important essay in the collection is Martin O’Neill’s *Free and (Fair) Markets without capitalism: Political Values, Principles of Justice and Property-Owning Democracy*. O’Neill broadly outlines the features of a Property-Owning Democracy beginning from Rawls’ criticism of the welfare state and offering an interpretation of these. O’Neill defines a POD as a regime which would have three main features:

1. **Wide Dispersal of Capital:** *The sine qua non of a POD is that it would entail the wide dispersal of the ownership of the means of production, with individual citizens controlling substantial (and broadly equal) amounts of productive capital (and perhaps with an opportunity to control their own working conditions).*

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<sup>266</sup> Rawls, *Justice as Fairness*, 178

<sup>267</sup> Thad Williamson and Martin O’Neill, „Property-Owning Democracy and the Demands of Justice” in *Living Reviews in Democracy*, Vol 1 (2009) , also Martin O’Neill and Thad Williamson “Philosophical foundations for ‘good capitalism’? Labour’s business agenda, John Rawls, and property-owning democracy” Forthcoming in *Renewal: A Journal of Social Democracy* (2012), [http://york.academia.edu/MartinONeill/Papers/1554023/Philosophical\\_Foundations\\_for\\_Good\\_Capitalism\\_Labours\\_Business\\_Agenda\\_John\\_Rawls\\_and\\_Property-Owning\\_Democracy](http://york.academia.edu/MartinONeill/Papers/1554023/Philosophical_Foundations_for_Good_Capitalism_Labours_Business_Agenda_John_Rawls_and_Property-Owning_Democracy) ,Accessed 2.10.2012

2. ***Blocking the Intergenerational Transmission of Advantage:*** A POD would also involve the enactment of significant estate, inheritance, and gift taxes, acting to limit the largest inequalities of wealth, especially from one generation to the next.
3. ***Safeguards against the Corruption of Politics:*** A POD would seek to limit the effects of private and corporate wealth on politics, through campaign finance reform, public funding of political parties, public provision of forums for political debate, and other measures to block the influence of wealth on politics (perhaps including publicly funded elections).<sup>268</sup>

O'Neill further argues, in direct opposition to Freeman and Dagger that Rawls' choice of a property owning democracy as opposed to a welfare state rests especially on the realization of the difference principle. He maintains that the principles of equal liberties and fair equality of opportunity could also be realized in a welfare state, but the difference principle would need a full-fledged property-owning democracy. O'Neill argues that a properly-designed welfare state could isolate politics from the economy and provide some dispersal of capital, including human capital. However, a welfare state does not care about the equality between citizens. To reject Freeman's view that it is the fair value of political liberties and fair equality of opportunity which mandates the choice of the property owning democracy, O'Neill elaborates on the distinction between two understandings of the principle of fair equality of opportunity (FEO). O'Neill interprets Rawls as seeing FEO in a sense that everyone has equal opportunities over a lifetime and Freeman as arguing that FEO implies permanent, ongoing opportunities. On the Rawlsian view, FEO does not require a POD, while on Freeman's, POD is a necessity.<sup>269</sup>

A recent review by Paul Weithman of the volume on property-owning democracy prompted a discussion on hybrid regimes. According to Weithman, Rawls discussed only ideal

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<sup>268</sup> Martin O'Neill, „Free and (Fair) Markets Without Capitalism: Political Values, Principles of Justice and Property-Owning Democracy” Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 81 also Martin O'Neill, Liberty, Equality and Property-Owning Democracy, *Journal of Social Philosophy*

Volume 40, Issue 3, pages 379–396, Fall 2009

<sup>269</sup> O'Neill, „Free and (Fair) Markets Without Capitalism”, 86

types of political-economic regime, but is blind to the fact that most currently existing regimes are the product of real politics and have institutions which do not neatly conform under one ideal heading. Yet, Weithman argues that, as long as a regime maintains a unitary aim (realizing justice as fairness), its institutional features are less important. It remains a just regime under Rawls' theory. Thus, Weithman believes that O'Neill's claim that the welfare state can, to some extent, realize the aims of property-owning democracy would not be rejected by Rawls.<sup>270</sup>

In "Realizing a Property-Owning Democracy: a 20 year Strategy to Create an Egalitarian Distribution of Assets in the United States", the second editor of the volume, Thad Williamson presents two main ideas. Firstly, he elaborates a suggestion of a concrete distribution that would fit the criterion of a property owning democracy and then proposes a possible strategy to implement it.<sup>271</sup> He argues that a property owning democracy for the current United States would involve distributing to each household total assets worth 100 000\$, or to 50 000\$ to each citizen. Williamson recommends that these be distributed as follows: 10 000\$ in housing vouchers, 20 000\$ in cash assets, divided between an unrestricted and a restricted fund, and 20 000\$ in productive capital. These assets would be provided universally, but after each citizen turns 45, there would be a steep progressive taxation, so that each citizen contributes back to the society which helped him.<sup>272</sup>

Williamson discusses the importance of housing and cash assets, which he believes are crucial to eliminating class distinction within a society. He also argues that having a non-tradable

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<sup>270</sup> Paul Weithman, review of Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 07.08.2013, [http://ndpr.nd.edu/news/41424-property-owning-democracy-rawls-and-beyond/#\\_ftnref](http://ndpr.nd.edu/news/41424-property-owning-democracy-rawls-and-beyond/#_ftnref), Accessed 6.10.2013

<sup>271</sup> Thad Williamson, "Realizing a Property-Owning Democracy: a 20 year Strategy to Create an Egalitarian Distribution of Assets in the United States" in Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 225-242, also Thad Williamson, „Who Owns What? An Egalitarian Interpretation of John Rawls's Idea of a Property-Owning Democracy", *Journal of Social Philosophy*, Volume 40, Issue 3, pages 434–453, Fall 2009

<sup>272</sup> Williamson, "Realizing a Property-Owning Democracy" , 230



housing voucher worth 10 000\$ offers enough flexibility and freedom to allow people to start a family, to live with others or to buy more expensive housing by adding other funds. Williamson maintains that this would end involuntary renting and distinction based on home ownership. Williamson also describes what kind of stock holdings he views as important in realizing a property-owning democracy. He divides the 20 000\$ which he offers for stock-holding in two: half could be used by the citizen in risky investment, while the second half would represent non-tradable coupons for publicly owned funds. This would guarantee some income even in case of economic downturn. Williamson also suggests the establishment of a bank to loan money to worker-owned firms and allowing workers to take over abandoned productive facilities. On the topic of worker-owned firms, Williamson argues that a POD would encourage, but not mandate this, allowing people to do what they wish with their productive capital.<sup>273</sup>

Williamson suggests also a strategy of making a property-owning democracy a reality in the United States. He believes that by taxing away one third of the wealth held by the top 1% Americans over the next 25 years. He shows how this strategy would raise about 5 trillion dollars, money which could be used to fund the ambitious program of establishing a Property-Owning democracy in the US. Moreover, he also accepts that it might become necessary to severely punish the rich who attempt to safeguard their capital by placing it in other countries and to place high inheritance taxes.<sup>274</sup> In the last chapter of the book, Williamson concludes by offering a possible way of achieving a wide redistribution of capital through democratic means.

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<sup>273</sup> Williamson, "Realizing a Property-Owning Democracy", 237- 239

<sup>274</sup> Williamson, "Realizing a Property-Owning Democracy", 226- 228

He advocates a campaign of popularization of the wealth inequalities in America, together with an appeal to Americans' widely held values of equality of opportunity.<sup>275</sup>

Another crucial chapter of the 2012 book is authored by Nien-he Hsieh. He offers an alternative interpretation of why Rawls prefers a property-owning democracy over the welfare state. He grounds this choice in Rawls' argument for extending distribution over the "social bases of self-respect" and then goes on to develop a theory of meaningful work in Rawls. Hsieh maintains that a property owning democracy demands not only that the disadvantaged have productive assets, but also that citizens have access to meaningful work. In Hsieh's interpretation, rough equality of asset ownership is instrumental to realizing other values as opposed to a fundamental value by itself.<sup>276</sup>

Hsieh relies on Rawls' scattered remarks on self-realization, the Aristotelian principle, self-respect, the two moral powers and meaningful work, to argue that justice as fairness requires access to meaningful work. From this, Hsieh concludes that Rawls chooses POD over the welfare state (WSC) because in the former, the meaningfulness of possible occupations would play a larger role in one's choice of employment. Then, Hsieh moves on to show that one of the main dangers in a workplace is arbitrary interference, understood as decisions which affect a worker but for which little or no justification is given to her. Hsieh maintains that workplace democracy, as required by his interpretation of the POD, protects the workers better from arbitrary interference, as opposed to the alternatives of regulation and easy exit options. Moreover, the wide-spread ownership of means of production present in a POD also allows

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<sup>275</sup> Thad Williamson, "Is Property-Owning Democracy a Politically Viable Aspiration?" in Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 287-307

<sup>276</sup> Nien-he Hsieh, "Work, Ownership and Productive Enfranchisement" in Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 149-159 and Nien-hê Hsieh, "Justice at Work: Arguing for Property-Owning Democracy" in *Journal of Social Philosophy*, Volume 40, Issue 3, pages 397-411, Fall 2009

workers to not be dependent on a workplace and exit it easier in the case of abusive interference. Finally, Hsieh quotes other advantages of a POD over WSC: by not allowing the existence of a class which can afford not to work, a POD regime eliminates status inequalities inherent in an employment relationship in which the capitalist has residual powers over originally undecided matters.<sup>277</sup>

Waheed Hussain offers an argument from stability to conclude that Rawls would require that the POD implement corporatist arrangements. Hussain relies on the “varieties of capitalism” literature to show the differences between a “liberal market” POD and a “democratic corporatist” POD. As opposed to the former, which would rely on the market to make decisions on new technologies and compensation structures, the latter would imply “corporatist deliberation and rule-making”. The corporatist POD, according to Hussain, differs from its liberal market counterpart in the sense that “it fosters the formation of a limited number of secondary associations to represent the perspective of major segments of the population in various rule-making forums” and “it takes steps to ensure that changes to the rules of economic competition come about through a process of deliberation and reasoned agreement among the relevant associations”<sup>278</sup>.

Hussain mobilizes resources in Rawls’ own philosophy, especially the theory of stability for the right reasons to argue for his claims. He quotes Rawls in saying that a society is stable if a threat to its just basic institutions is bound to engage people’s moral sensibilities, so that they react to maintain the just society. For this, citizens must grow attached to the moral ideals that society embodies and Rawls also offers an account of that. Hussain believes that democratic

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<sup>277</sup> Hsieh, “Work, Ownership and Productive Enfranchisement”, 157

<sup>278</sup> Waheed Hussain, “Nurturing the Sense of Justice” in Martin O’Neill and Thad Williamson (eds.) *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 180-199 also Waheed Hussain, “The Most Stable Just Regime” in *Journal of Social Philosophy*, Volume 40, Issue 3, pages 412–433, Fall 2009

corporatism, unlike the market, permits a wide segment of the population to participate in public life and decision making. Moreover, in a democratic corporatist arrangement, Hussain argues, decisions are reached more through deliberation rather than bargaining. Finally, he believes that democratic corporatist arrangements offer more transparent decisions and allow citizens to see how a just social order contributes to their well-being. This makes the citizens more attached to the social order and creates more stability for the right reasons.<sup>279</sup>

David Schweickart contrasts Rawls' property-owning democracy with his own proposal of what he terms "economic democracy". In an economic democracy, the large firms are owned by the state, but legally controlled by their workers (see the previous chapter also). Each worker would have a vote in controlling the enterprise, thus achieving workplace democracy.

Schweickart argues that workplace democracy would be the essential feature which would distinguish a POD from an Economic democracy (ED). He also describes an economy in which these large firms would rent the productive capacities from the state, their legal owner, and pay rent as opposed to taxes. Moreover, the distinction between wages and profit from ownership would be abolished, as a worker would receive as his income a share of the company's profit. This would also help motivate people to work more and increase the firm's profitability.<sup>280</sup>

When comparing the two systems, Schweickart grants POD a better chance to establish a lower level of inequality, especially between firms. Because in an ED, all the income a worker derives is based on the profitability of his firm, workers in more profitable firms would gain more. In a POD, workers with a diversified stock portfolio would be less dependent on economic downturns. On other two dimensions of comparison, unemployment and meaningful work,

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<sup>279</sup> Hussain, "Nurturing the Sense of Justice", 194

<sup>280</sup> David Schweickart "Property-Ownning Democracy or Economic Democracy?" in Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012), 201-218

Schweickart believes that the ED would fare better because of its democratic arrangements. A policy of full employment would receive more support if those deciding would be those directly affected and the same could be said about allocating people to unskilled work. However, Schweickart admits differences would be modest. Finally, he shows that economic growth for itself would be less important in an ED, as opposed to a POD where, as in capitalism, the rate of growth is not democratically controlled.<sup>281</sup>

The volume also includes contributions by Simone Chambers, Corey Brettschneider, Stuart White, Alan Thomas and Sonia Sodha. Chambers discusses Rawls' transition for *A Theory of Justice* to *Political Liberalism* and his apparent withdrawal from a strong interpretation of the demands of justice. She contrasts Rawls' seeming radicalism in his early work to his attempt to justify a conception of a fair society while taking into account the fact of opinion pluralism in a democracy. Chambers focuses especially on Rawls' refusal to demand that the difference principle be enshrined in the constitution of a just society. She interprets Rawls as accepting that egalitarianism is subject to public debate, rather than a non-negotiable part of what society should be. Brettschneider offers a normative justification of welfare rights, as the only way to defend the existence of private property. He imagines a dialogue between the owners of private property and those who are excluded and maintains that only something akin to property owning democracy would satisfy the excluded in an ideal situation. Stuart White argues that a property owning democracy would be far more stable if it would also benefit from a republican conception of citizenship. Thomas takes up and develops Dagger's argument quoted above and claims that property owning democracy can only be stable if furnished with a "liberal republicanism" conception of civic participation and involvement. Sodha shows that, in addition

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<sup>281</sup> Schweickart "Property-Owning Democracy or Economic Democracy?" 208-214

to financial capital, human capital distribution through education is quintessential to a just society and to a true property owning democracy.<sup>282</sup>

### ***3.3 Several Rawlsian concepts***

This section aims to present several concepts and theories which Rawls speaks about in scattered sections of his works. The authors in the literature on POD bring these theories as support for one or another interpretation of the texts Rawls left on the property-owning democracy. As these are scant, the elaboration of a fully fledged system of property-owning democracy needs to be done in connection with the wider Rawlsian opus.

The first aspect to be discussed is Rawls' conception of the status of property and especially the moral right to own property. Rawls brings the right to own property within the ambit of the first principle, the principle of equal liberty. He believes that the liberties protected by the first principle are to be given by a list and are basic so that they can only be restricted when they conflict with other liberties. The right to "hold personal property" is one of such basic rights. Yet, only one page below, Rawls makes a necessary addition to what could be interpreted as support for a laissez-faire doctrine of the economy. He avers that "liberties not on the list, for example, the right to own certain kinds of property (e.g., means of production) and freedom of contract as understood by the doctrine of laissez-faire are not basic; and so they are not protected by the priority of the first principle."<sup>283</sup> Rawls does not develop, but rather restates these claims both in other parts of *A Theory of Justice* (TJ) and *Political Liberalism*. He claims his agnosticism on the status of the ownership of the means of production in a society governed by the two principles of justice, as he shows in *Political Liberalism* that "the question of private

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<sup>282</sup> See the contributions of Chambers, Brettschneider, Thomas, White and Sodha in Martin O'Neill and Thad Williamson (eds.) *Property-owning democracy : Rawls and beyond* ( Oxford : Wiley-Blackwell, 2012)

<sup>283</sup> Rawls, *A Theory of Justice*, 54.

property in the means of production or their social ownership and similar questions are not settled at the level of the first principles of justice, but depend[s] upon the traditions and social institutions of a country”<sup>284</sup> and in TJ that “that there is no essential tie between the use of free markets and private ownership of the instruments of production”.<sup>285</sup>

Moreover, in his reply to Marxist criticisms offered in *Justice as Fairness* and further developed in the *Lectures on the History of Political Philosophy*, Rawls argues that in a property-owning democracy, while “a right to property in productive assets is permitted, that right is not a basic right but subject to the requirement that, in existing conditions, it is the most effective way to meet the principles of justice.”<sup>286</sup> Further, he compares the lack of a right to own means of production with a lack of a basic right to equally control the means of production in association with others. He avers that while owning personal property is essential for self-respect, two wider conceptions are not basic:

- (i) *the right to private property in natural resources and means of production generally, including rights of acquisition and bequest;*
- (ii) *the right to property as including the equal right to participate in the control of the means of production and of natural resources, both of which are to be socially, not privately, owned.*<sup>287</sup>

The Aristotelian principle represents Rawls’ theory of human self-realization and is presented as a natural fact. Rawls brings up the Aristotelian principle within his theory of human good. He argues that humans have two capacities: rational choice and deliberative rationality. Firstly, using rational choice, a person chooses a particular class of life plans and then, among

<sup>284</sup> John Rawls, *Political Liberalism*, (New York : Columbia University Press, c1993), 338

<sup>285</sup> Rawls, *A Theory of Justice*, 239 on Rawls’ conception of property, see also Quentin P. Taylor, „An Original Omission?

Property in Rawls’s Political Thought” *The Independent Review*, v. VIII, n. 3, Winter 2004, pp. 387–400.

<sup>286</sup> Rawls, *Justice as Fairness*, 178.

<sup>287</sup> Rawls, *Justice as Fairness*, 114

these, the most desirable plan is selected through deliberative rationality.<sup>288</sup> Once a person has chosen a plan, that person seeks, according to Rawls, to develop his skills to the greatest extent possible. Moreover, enjoyment comes with solving more and more complex tasks within the same category, tasks which include using more skills or applying the same skills in an innovative fashion to newly encountered problems. Rawls states the principle as:

*The Aristotelian Principle states that, other things equal, human beings enjoy the exercise of their realized capacities (their innate or trained abilities), and that this enjoyment increases the more the capacity is realized, or the greater its complexity. A person takes pleasure in doing something as he becomes more proficient at it, and of two activities which he performs equally well, he prefers the one that calls upon the greater number of more subtle and intricate discriminations.[....] For example, chess is a more complicated and subtle game than checkers, and algebra is more intricate than elementary arithmetic*<sup>289</sup>

Rawls brings up at this point the particular example of a person whose only enjoyment is to count blades of grass. By this example, Rawls illustrates the claim that people can have life-plans that do not follow the Aristotelian principle. For the person, a life-plan centered on counting blades of grass might be rational and should be respected, Rawls argues. However, Rawls believes that while the formal definition of a rational life-plan without the Aristotelian principle is possible, it would involve the oddity of counting blades of grass. Far closer to our immediate experience are life-plans based on the Aristotelian principle.<sup>290</sup>

Closely related to the Aristotelian principle is Rawls' conception of meaningful work. As with other aspects of this theory, Rawls' comments on meaningful work and its location within the overall conception are scant. It is clear that Rawls believes people desire and deserve meaningful work, yet he does not accurately specify what he means by this term or under which

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<sup>288</sup> Rawls, *A Theory of Justice*, 358.

<sup>289</sup> Rawls, *A Theory of Justice*, 374-375.

<sup>290</sup> Rawls, *A Theory of Justice*, 379-380.



principle of justice this fits. Rawls addresses the question of meaningful work within his remarks on the just savings principle, by stating that “It is a mistake to believe that a just and good society must wait upon a high material standard of life. What men want is meaningful work in free association with others, these associations regulating their relations to one another within a framework of just basic institutions.” He actually believes that after a certain level, wealth becomes a meaningless distraction and leads to indulgence.<sup>291</sup> Later in *Theory* Rawls argues that a just society would accept the division of labor, but do away with its worst aspects. He maintains that people would not be compelled to choose between “monotonous and routine occupations which are deadening to human thought and sensibility.”<sup>292</sup> Rather, each could choose between different tasks, to give expression to his nature. In a remark that seems a direct reply to Marxist criticisms, Rawls asserts “It is tempting to suppose that everyone might fully realize his powers and that some at least can become complete exemplars of humanity. But this is impossible. It is a feature of human sociability that we are by ourselves but parts of what we might be”<sup>293</sup>

Jeffrey Moriarty relies on a remark made by Rawls in the introduction to the paperback edition of *Political Liberalism* to claim that Rawls’ views on access to meaningful work evolve from one book to another. In this introduction, Rawls maintains that “lacking a sense of long-term security and the opportunity for meaningful work is not only destructive of citizens’ self-respect, but of their sense that they are members of society and not simply caught in it.”<sup>294</sup> Moriarty believes that Rawls’ conception has changed from *A Theory of Justice* to *Political Liberalism*. While in the first book, Rawls hopes that his society would offer people opportunity

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<sup>291</sup> Rawls, *A Theory of Justice*, 275

<sup>292</sup> Rawls, *A Theory of Justice*, 463

<sup>293</sup> Rawls, *A Theory of Justice*, 463

<sup>294</sup> Rawls, *Political Liberalism*, Introduction to the paperback edition, lix

for meaningful work due to the operation of its institutions, by *Political Liberalism* Rawls had abandoned the hope, Moriarty argues. On this interpretation, meaningful work appears as part of the social basis of self-respect and therefore, together with income and liberty, as a primary good to be distributed. Moreover, Moriarty describes meaningful work as one which is complex and varied and offers decision-making power and claims that within Rawls' theory it is important to have the opportunity for meaningful work, not "that all jobs actually be meaningful".<sup>295</sup>

Self-respect is mentioned several times in Rawls' works as a primary good. Rawls, however, does not make necessarily a strong and explicit distinction between self-respect and its social bases. On the one hand he affirms, as the most general statement of his philosophy that "All social values—liberty and opportunity, income and wealth, and the social bases of self-respect—are to be distributed equally unless an unequal distribution of any, or all, of these values is to everyone's advantage"<sup>296</sup> Yet, in *A Theory of Justice*, he only mentions the "social bases" only once after this. However, Rawls defines self-respect as having two parts: "a person's sense of his own value, his secure conviction that his conception of his good, his plan of life, is worth carrying out" and "a confidence in one's ability, so far as it is within one's power, to fulfill one's intentions."<sup>297</sup> It is contrasted to the shame of not exercising some natural excellences or of acting morally blameworthy.<sup>298</sup>

Rawls admits that *Theory* was confused when it came to distinguishing between self-respect and its social bases in a footnote in *Justice as Fairness*. He makes the necessary clarifications and argues that "that it is not self-respect as an attitude toward oneself but the

<sup>295</sup> Jeffrey Moriarty, „Rawls, Self-Respect, and the Opportunity for Meaningful Work”, *Social Theory and Practice* 35(2): 2009

<sup>296</sup> Rawls, *A Theory of Justice*, 54

<sup>297</sup> Rawls, *A Theory of Justice*, 386

<sup>298</sup> Rawls, *A Theory of Justice*, 390

social bases of self-respect that count as a primary good”<sup>299</sup>. The social bases of self-respect are “as those aspects of basic institutions normally essential if citizens are to have a lively sense of their worth as persons and to be able to advance their ends with self-confidence”, and include “the institutional fact that citizens have equal basic rights, and the public recognition of that fact and that everyone endorses the difference principle, itself a form of reciprocity”<sup>300</sup> While discussing the aspects of property mentioned above, Rawls claims that, for example, neither ownership of means of production nor their collective control are not “essential bases of self-respect.”<sup>301</sup>

Another important topic addressed in the literature on Rawls is his theory of stability. To put it briefly, according to Rawls a society is stable for the right reasons when it fosters in people an un-coerced desire to support it. A society is not stable for the right reasons if opposing groups balance each other or if people only obey the laws only because they risk punishment. Stability of this kind only emerges when citizens get to see that society furthers their good and improves their life. If social institutions do not do so or are not seen as doing so, that society is not stable. Rawls addresses this topic in all his major works and avers that a conception of justice “should generate its own support”. It does so, according to him, when its principles are “such that when they are embodied in the basic structure of society, men tend to acquire the corresponding sense of justice and develop a desire to act in accordance with its principles”.<sup>302</sup> This happens because “it satisfies the psychological law that persons tend to love, cherish, and support whatever affirms their own good.”<sup>303</sup> In such a situation, people will overrule their temptation to violate

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<sup>299</sup> Rawls, *Justice as Fairness*, 60

<sup>300</sup> Rawls, *Justice as Fairness*, 59

<sup>301</sup> Rawls, *Justice as Fairness*, 114.

<sup>302</sup> Rawls, *A Theory of Justice*, 119.

<sup>303</sup> Rawls, *A Theory of Justice*, 155

the rules and accept their fair share of both burdens and benefits in a just society.<sup>304</sup> In later works, such as *Political Liberalism* and *Justice as Fairness*, Rawls links the conception of stability with that of an overlapping consensus. He believes that in a plural society, in which people affirm different comprehensive doctrines, stable institutions can only be those which are acceptable to each reasonable comprehensive doctrine. Only such institutions which can be justified from within each comprehensive doctrine will be stable.<sup>305</sup>

### ***3.4. Why Property Owning Democracy and not Welfare State Capitalism***

In order to obtain a clear picture of what a property-owning democracy regime would be, it is important to understand the reasons for which Rawls believes that welfare state does not live up to the principles of justice. The debate between Martin O'Neill on the one hand and Samuel Freeman and Alan Thomas on the other hand must be addressed. This chapter will side with the second and will argue that Rawls brings several arguments for his choice. Moreover, it will be shown that O'Neill's argumentative strategy is mistaken.

Against the welfare state, Rawls brings several arguments, which seem to relate to the whole gamut of concepts in his wider philosophy. Firstly, he argues that the welfare state does not respect the first principle of justice by rejecting the "fair value of political liberties". Because WSC permits large material inequalities, it undermines the wide-spread control over politics which Rawls believes to constitute the fair value of political liberties. Those left out from property "do not participate in public political culture" and are not "fully cooperating members of society on a footing of equality"<sup>306</sup> Rawls also argues that there should be no inequalities

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<sup>304</sup> Rawls, *A Theory of Justice*, 435 also Rawls, *Justice as Fairness*, 185

<sup>305</sup> Rawls, *Political Liberalism*, 143, Rawls, *Justice as Fairness*, 185-186

<sup>306</sup> Rawls, *Justice as Fairness*, 139.

“in the ability to exert political influence and to take advantage of available opportunities”<sup>307</sup>, inequalities which, unfortunately, are maintained by the welfare state.

Secondly, the welfare state has only “**some** [emphasis added] concern for equality of opportunity”.<sup>308</sup> The selfsame inequalities, when transferred from one generation to another affect fair equality of opportunity. WSC does not satisfy the principle of equality of opportunity to the fullest extent. While there is more equality of opportunity between middle classes and poor people, the opportunities of the rich remain far beyond those of the less rich. Thirdly, according to Rawls, WSC violates the difference principle. It embodies a sufficientarian principle of justice according to which “none should fall below a decent minimum standard of life”.<sup>309</sup> Finally, sufficientarian-based welfare grants also violate the first principle because they undermine citizens’ self-respect, being objects of “charity” and “pity” as opposed to having their rights affirmed by a just society. Thus, a connection is made between WSC’s failure to satisfy the difference principle and its effects on the primary goods, which are guaranteed by the first principle.

O’Neill argues, against Rawls, that a proper welfare state could pursue policies to insulate politics from the influence of the economy and to ensure fair equality of opportunity. Thus, he aims to show that the choice of just institutions can be made only with reference to the difference principle, which the welfare state does not seek to embody. O’Neill first criticizes Rawls for failing to see that the “insulation” strategy could be one solution to the possible corruption of democratic politics. Rather than widely dispersing capital, a welfare state could, according to O’Neill, pursue policies such as forbidding campaign contributions above a certain sum or

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<sup>307</sup> Rawls, *Justice as Fairness*, 159.

<sup>308</sup> Rawls, *Justice as Fairness*, 139

<sup>309</sup> Rawls, *Justice as Fairness*, 139

regulating the buying of time for political advertising. This would, according to O'Neill, help with eliminating the influences which wealth and its unequal distribution have on politics.<sup>310</sup>

What O'Neill ignores is what Rawls terms the "problem of corruption". This problem is also called "incentive-compatibility" as Rawls points out in a footnote. It is inherently linked with the stability of a just society. According to Rawls, the problem appears when one tries to think "whether citizens, in view of their likely interests and ends as shaped by the regime's basic structure, can be relied on to comply with just institutions and the rules that apply to them in their various offices and positions".<sup>311</sup> When creating a society with different roles and functions one has to wonder if a particular arrangement actually stimulates people to behave according to its stated goals and normative values, rather than the opposite. An example of an institution that fails to do so is a school which tests students on their ability to exactly memorize passages of some text and provides little supervision at the examination. While this school might claim academic integrity, the incentives towards cheating are high.

Rawls' comments on incentive-compatibility can be interpreted both ways. On the one hand, they work against the proponents of a property-owning democracy, especially in a transitional phase. Given that people are accustomed to today's inegalitarian arrangements and that quite some people are used to possessing significant assets, one could argue they would find it difficult to accept their positions in a property-owning democracy. That is why the transition would need to be slow. However, once a property-owning democracy would be achieved, it could be expected to be more stable and better implement the principles of justice.

Against O'Neill, it has to be argued that in a welfare state which tries to insulate politics from wealth, without a wide dispersal of capital, society would be hypocritical. It would be prone

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<sup>310</sup> O'Neill, „Free and (Fair) Markets Without Capitalism”, 84.

<sup>311</sup> Rawls, *Justice as Fairness*, 137

to what Rawls terms the problem of corruption. While formal rules would impede campaign donations, what O'Neill ignores is the fact that most influence over politicians by the rich takes place informally. Informal meetings and gatherings, paid by those who support the interests of the rich, if not the rich directly, sometimes expensive vacations are at least as important, if not more than campaign donations. Moreover, the limits on campaign donations can be avoided by dispersing one's wealth to smaller foundations or firms, which would donate less money each. In a society with large inequalities, the same incentives to control political decisions emerge, even if insulation-type strategies are attempted. This occurs especially because the impact of political decisions on the rich is high and therefore their interest to control it is also raised. Moreover, when someone has a high interest and plenty available means, no insulation strategy could meaningfully stop him. Only a wide dispersal of capital can ensure that the first principle is implemented.

It could be also argued that the insulation strategy could have at least partial success because it would force the rich to work through outright bribes rather than legal campaign contributions. This would drive their attempts of influencing politics underground and deter them through making them illegal. Yet, this argument does not succeed because a just society is one that aims to achieve stability for the right reasons. It is impossible to imagine how this society would function when there are high incentives to do something which is illegal. An analogy could be offered with a society which forbids abortion and contraceptives but provides only a minimal maternity leave and child-care services. Abortion might be deterred by being made illegal but the incentives for it would be huge.

O'Neill also argues that a property-owning democracy would not be mandated by a proper, lifetime-view interpretation of the principle of fair equality of opportunity. If people are to have

equal chances to achieve a similar position, regardless of their original social position, a wide dispersal of productive capital is not necessary, according to O'Neill. Only a wider dispersal of human capital, through education would be an indirect effect of a system which pursues fair equality of opportunity, but not wide dispersal of productive capital assets *per se*.

While O'Neill's interpretation of the principle of fair equality of opportunity as a strict life-time view, as opposed to Freeman's ongoing opportunities view, might be a correct interpretation of what Rawls means, his institutional implications are not necessarily the correct ones. Once again, a welfare state which aims for fair equality of opportunity, of the type that O'Neill envisages might equalize opportunities between the middle classes and the poor. For example, more educational investments, forbidding communities to restrict access to poor children to their schools, integrated classrooms (with both poor and middle class children) could be meaningful policies to reduce the opportunity gap. However, it is more difficult to imagine that such a welfare state could go as far as to forbid private schools. Since it allows private ownership of capital, it would be consistent with this approach to also allow expensive private schools to subsist.<sup>312</sup> Without this, there could be more equality of opportunity between those using public schools, but not between those able to afford private schools and those who would not. A full property-owning democracy would do away with private schools, simply in virtue of abolishing the inequalities which support such educational establishments.

Further, O'Neill argues that the difference principle, seen as ranging over income and capital, "as well as the powers and prerogatives of offices and positions of responsibility"<sup>313</sup> is the only part of the Rawlsian architecture which grounds the choice for POD over WSC. O'Neill

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<sup>312</sup> For arguments in favor of banning private schools completely, see Adam Swift "Choosing the school rules" in Swift, *How not to be a hypocrite: School choice for the morally perplexed parent* (Routledge, 2003), pp. 9-47

<sup>313</sup> O'Neill, „Free and (Fair) Markets Without Capitalism”, 89



also realizes that the social bases of self-respect cannot be addressed by a welfare state regime, because financial *ex post* transfers, such as those under the welfare state, do not help citizens' self-respect, but harm it. Firstly, money is not property. While an income allows people to survive, or even live slightly better, property offers a sense of empowerment. Secondly, through *ex post* transfers one is treated as a "loser" in the market game. The opposite is being trusted to act responsibly and to obtain a sufficient income if one is endowed with property before entering the market. *Ex ante* property redistribution is an essential part of the social bases of self-respect.

However, it is not particularly clear why O'Neill addresses the argument of the social bases of self-respect only in relation to the difference principle. In the Rawlsian framework, it is all of the three principles which govern distribution of the primary goods, which include the social bases of self-respect. O'Neill's writing implies that the social bases of self-respect are only related to material conditions or to their equal distribution. However, given Rawls' comments about primary goods and the social bases of self-respect, one can argue that, for example, the fair value of political liberties is part of these bases. For example, under the insulation strategy which O'Neill extols, the social bases of self-respect would probably not be distributed equally. Even if insulation were successful, although this is highly doubtful, it is feasible that people would not believe it to be. While we can imagine a welfare state with large disparities of capital insulating politics from their effect, it is even harder to think that in such a society citizens would be convinced insulation policies have succeeded. Quite enough people would be convinced, probably with good reason, that politics is still unduly influenced by the owners of capital. They would be sure their political liberties are not respected at their fair value and their self-respect would diminish. Given proper interpretation, it is hard to argue that the first Rawlsian principle can be isolated so easily from the others. Conversely, the choice of just

institutions should be thought of, in Thomas' words, as overdetermined by the whole package of Rawlsian principles.

The conclusion to be drawn from this debate is that the three types of policies which O'Neill proposes as constituting the essence of a property-owning democracy (see above -Wide Dispersal of Capital, Blocking the Intergenerational Transmission of Advantage, Safeguards against the Corruption of Politics) cannot be pursued in isolation. Moreover, while any such policy would bring a society closer to a POD, only all of the three together would constitute such a regime. Since no other institutional regime, except liberal socialism, could satisfy the principles of justice, these policies would have to be adopted as a package. Further, on pragmatic grounds, adopting these policies individually would probably be counterproductive, as for example a wide dispersal of capital would be useless without the intergenerational component and the other way around. Both would also be impossible to adopt and maintain without the third.

### ***3.5. What is not Property-Owning Democracy: a critique of Hussain, Hsieh and White***

Another mistaken approach to the concept of property-owning democracy is the strategy to make it into more than it is. By creatively appropriating other parts of the Rawlsian framework, Nien-he Hsieh, Stuart White and Waheed Hussain build a far more robust conception of the property owning democracy than Rawls. The dangers of this approach are manifold. The first one relates to textual interpretation. The two authors use remarks of Rawls on other topics, such as stability and access to meaningful work, to contradict or cover other remarks directly on property-owning democracy. Secondly, this makes the property-owning democracy undistinguishable from liberal and other forms of socialism. One regime cannot have all the desirable characteristics, as if some of them do not contradict each other and a principled choice

must be made. Some of the claims of the two three make Rawls' general framework undistinguishable from a socialist one, something Rawls wanted to avoid.

Hsieh constructs a theory of "arbitrary interference at work", which he believes is an evil in the current society and which Rawls would seek to abolish. He argues that workplace democracy is not necessary in itself, but it is instrumental for protecting people from arbitrary interference. Moreover, he also comes to the conclusion that in Rawls' just society, a right of protection against arbitrary interference is guaranteed.<sup>314</sup> Hsieh's case against arbitrary interference is argued with regard to the value of self-respect, which is seen as being violated when arbitrary interference occurs (arbitrary interference includes decisions on production and relocation which are taken without consulting the worker or providing no justification to her). In other words, arbitrary interference does not include (only) utter abuses such as sexual harassment or humiliating remarks, but also a non-democratic decision making style on major productive issues. Hsieh himself offers two ways, in addition to workplace democracy, in which "arbitrary interference" could be avoided: by labor and safety standards and by having the exit option made easier.<sup>315</sup>

Firstly, there is no textual basis in Rawls' work to allow one to conclude that in a just society, a right to meaningful work would be guaranteed. Rawls seems to say that meaningful work for everyone is a desideratum, but not a right derivable from the principle of justice. Hsieh relies heavily on Moriarty's claim, derived from a single Rawlsian statement, that meaningful work is part of self-respect. This claim is not supported by other parts of Rawls' philosophy, especially not by remarks in *Justice as Fairness*. Hsieh ignores the distinction, which Rawls himself made clear in *Justice as Fairness*, between self-respect and its social bases. On the one

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<sup>314</sup> Hsieh, "Work, Ownership and Productive Enfranchisement" 155

<sup>315</sup> Hsieh, "Work, Ownership and Productive Enfranchisement, 155

hand, it can be said that arbitrary interference, the kind which Hsieh describes can damage self-respect. However, society can only grant the social bases of self-respect and not self-respect as it is. The “social bases” of self-respect could be better understood as institutions which one has recourse to when arbitrary interference occurs or enough material resources to leave an undesired job. But, a jump from self-respect to a right to meaningful work is a flight of fancy, which Hsieh too easily takes.

The next step in Hsieh is to infer from meaningful work to workplace democracy, as the solution to the problem of arbitrary interference. Although Hsieh himself claims that two other options of ensuring meaningful work are feasible, he seems to prefer workplace democracy. Here, Hsieh’s argumentative strategy falls into a textual pitfall when one looks to the fact that he ignores certain comments made by Rawls which bear a more direct relevance on the topic. Rawls refers directly to the lack of a basic right of collective control in the means of production (see above, footnotes 255 and 275-both quotes from *Justice as Fairness*) both deriving directly from the two principles of justice or from an argument based on education. Moreover, even in *Political Liberalism*, Rawls rejects workplace democracy as a principle. In a footnote, Rawls avers that he can accept the modifications suggested by Rodney Peffer to his theory of justice, but not the principle of collective control which Peffer stipulates.<sup>316</sup> If Hsieh’s “arbitrary interference at work” is indeed a problem, as it is under capitalism, the preferred Rawlsian strategy is that of making the exit option easier, rather than strengthening workplace democracy.

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<sup>316</sup> Rawls, *Political Liberalism*, 7n7. Rawls argues that „I should agree with most of Peffer’s statement, but not with his 3(b)” Peffer’s 3(b) is „(3) There is to be b) an equal right to participate in all social decision-making processes within institutions of which one is a part.” See Rodney G. Peffer, “A Modified Rawlsian Theory of Social Justice: “Justice as Fair Rights””, [http://sandiego.academia.edu/RodneyPeffer/Papers/117637/A\\_Modified\\_Rawlsian\\_Theory\\_of\\_Social\\_Justice\\_Justice\\_as\\_Fair\\_Rights\\_](http://sandiego.academia.edu/RodneyPeffer/Papers/117637/A_Modified_Rawlsian_Theory_of_Social_Justice_Justice_as_Fair_Rights_), Accessed 2.10.2012 also Peffer, *Marxism, Morality, and Social Justice*

Rawls mentions that in a POD, “no one need be servilely dependent on others”<sup>317</sup>, because each would be able to leave an employment relationship where arbitrary interference occurs. Having recourse to capital, one would not be forced to stay in such a situation. Secondly, also due to the ample redistribution Rawls envisions, the *enforced* division of labor that holds under capitalism, when some people’s opportunities are so low that they only have bad jobs to choose from would be eliminated. Education consistent with equality of opportunity and the sense of self-worth this kind of education would provide would not keep people in jobs they do not wish for long.

Hussain also builds into the property owning democracy a form of democratic corporatism. He links this with civic education and an argument for stability. Firstly, on a textual basis, Hussain ignores Rawls’ agnosticism the value of worker-managed firms for civic education, expressed in *Justice as Fairness* (footnote 255). While democratic corporatism is not what Rawls was rejecting at the time, a right to collective control over the economic firm, the argument also stands in this situation. Democratic corporatism increases workers’ control over what managers do with the means of production, a type of control Rawls argues is not basic. There is no reason to imagine that in Rawls’ view, trade unions at the level of the economic unit could not protect people from arbitrary interference or help in the task of ensuring stability for the right reasons. Deliberation can and does take place at the level of the economic unit, and with each individual controlling some productive assets there is no reason to believe a smaller trade union would fail at showing people that institutions have a concern for them.

Hussain also makes an interesting statement about the existence of competition on the market and the sense of reciprocity and loyalty to institutions which he believes democratic

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<sup>317</sup> Rawls, *A Theory of Justice*, 464

corporatism would engender. He believes that a system of market competition, even if firms were owned and controlled by workers, and even under Rawlsian just redistribution, would be sub-optimal with regard to stability.<sup>318</sup> However, this is far from true, as trade unions at a lower level can offer quite enough participation. Competition among firms, as long as it is done under fair circumstances, without abuses of power or unfair practices is not necessarily harmful to a sense of reciprocity and loyalty to institutions.

The major conceptual problem which arises out of Hsieh and Hussain's works is that property-owning democracy becomes indistinguishable from liberal socialism. The value of worker democracy and the centrality of meaningful work play a crucial part in socialism, as opposed to liberalism. It is true that liberals need to answer this objection and Rawls makes an honest attempt. Yet, transforming a desideratum and a derivative value into a central one radically changes the meaning of the whole project. As Schweickart once argued, Rawls would have to be a socialist<sup>319</sup> if Hsieh's or Hussain's visions of property owning democracy were to become the normative ideal. Yet Rawls takes steps to delimitate himself from socialists and believes he needs to take their criticisms into account, only to rebut them. Further, the redistribution which Hshieh's vision requires goes far beyond the difference principle. In order to have the meaningful work Hsieh demands or workplace democracy, the state could either enforce this on a privately owned enterprise or confiscate the enterprise to redistribute it to its workers. No private enterprises, owned and managed by one or several persons, who employ others, would be possible.

Another criticism to be brought against Hussain, Hsieh and also Stuart White is that they willingly ignore or misinterpret Rawls' political liberalism in order to fit their conception of

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<sup>318</sup> Hussain, "Nurturing the Sense of Justice", 197.

<sup>319</sup> David E. Schweickart, „Should Rawls be a Socialist?“, *Social Theory and Practice* 5 (1):1-27 (1978)

property-owning democracy. White also relies on the value of stability to build a theory which would include a republican citizenship in property owning democracy. He mobilizes Tocqueville's works to show that the evils which the latter saw in American democracy could appear also in Rawls' society. Only republican citizenship could be a solution to these evils (of materialism and individualism), White argues.<sup>320</sup>

White's, Hsieh's and Hussain's views violate the principle of neutrality and favor conceptions of the good which rely on autonomy, involvement in public life and workplace management over those which do not see these as basic values. Individuals who, as workers or as citizens, do not wish to participate in decision making would be seen as less important by the system envisioned by the three authors. For the property owning democracy to look something like Hussain, Hsieh and White view it, it would have to be predicated on a comprehensive as opposed to a political liberalism.

Rawls constructs his theory of liberal neutrality in *Political Liberalism* and other papers, prominent among which is *Justice as Fairness: Political not Metaphysical*.<sup>321</sup> There, he develops his concepts of a political as opposed to a comprehensive conception. A comprehensive doctrine is, according to Rawls, one which "includes conceptions of what is of value in human life and ideals of personal character, as well as ideals of friendship and of familial and associational relationships and much else, that is to inform our conduct and in the limit to our life as a whole"<sup>322</sup> Among comprehensive doctrines, Rawls mentions, alongside religions, also the liberalism of Kant and Mill, built around the comprehensive conception of autonomy.<sup>323</sup> Rawls

<sup>320</sup> Stuart White, „Property-Owning Democracy and Republican Citizenship”, in Martin O'Neill and Thad Williamson eds. *Property-owning democracy : Rawls and beyond* (Oxford : Wiley-Blackwell, 2012),

<sup>321</sup> John Rawls, "Justice as Fairness: Political not Metaphysical" *Philosophy and Public Affairs*, Vol. 14, No. 3. (Summer, 1985), pp. 223-251.

<sup>322</sup> Rawls, *Political Liberalism*, 13

<sup>323</sup> Rawls, "Justice as Fairness: Political not Metaphysical", 246

contrasts political conceptions, as his own, to comprehensive ones. Political conceptions are “freestanding views”, which can receive support from each comprehensive conception, for different reasons. They are not founded on any particular value, but can be justified in terms of several values, such as Christian tolerance or liberal autonomy.<sup>324</sup>

Further in *Political Liberalism*, Rawls creates a principle of neutrality which could be stated as following: “citizens ought not purposefully arrange their basic institutions or adopt laws to favor or encourage, or disfavor or discourage, particular comprehensive doctrines or ways of life not radically inconsistent with liberal political justice”<sup>325</sup>. Moreover, Rawls himself states that, “justice as fairness does not seek to cultivate the distinctive virtues and values of the liberalisms of autonomy and individuality[...] justice as fairness honors, as far as it can, the claims of those who wish to withdraw from the modern world in accordance with the injunctions of their religion, provided they acknowledge the principles of the political conception of justice”<sup>326</sup>

Given this, it is hard to imagine how Hsieh’s, Hussain’s and White’s views of the POD could meaningfully stand the test of political liberalism. Hsieh builds into his concept of arbitrary interference at work more than is consistent with self-respect. Abusive language or sexual harassment would definitely damage self-respect. However, lacking a moral theory predicated on autonomy of the comprehensive-liberal kind, the absence of control over the productive decisions could hardly be said to do the same. Hussain and White rely on stability as an argument for their preferred version of the POD. But, if one accepts that among reasonable

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<sup>324</sup> Rawls, *Political Liberalism*, 14-15

<sup>325</sup> David A. Reidy, “Accommodating Pluralism: Liberal Neutrality and Compulsory Education” <http://www.bu.edu/wcp/Papers/Poli/PoliReid.htm>, Accessed 2.10.2012 Rawls’ discussion of neutrality can be found in *Political Liberalism*, 190-200

<sup>326</sup> Rawls, *Political Liberalism*, 199



comprehensive doctrines there are some which do not require involvement in the public, why would a society which does not guarantee democratic corporatism or education for republican citizenship be unstable? White also uses Rawls' remarks on a natural duty to support just institutions as a launching ramp for justifying republican citizenship under POD.<sup>327</sup> However, support by obeying laws is one thing; involvement in the public life is another.

To see that access to meaningful work and workplace democracy is not part of a neutral conception of liberalism, one should remember Elster's theory of self-realization through labor presented in the first chapter. Secondly, a debate between Adina Schwartz and Richard Arneson can further illuminate this claim. On the basis of the value of autonomy, Schwartz argues that individuals are entitled to meaningful work, understood as the chance to also do less routine and deadening jobs and to decide more on the product of their work. Arneson rejects this in a rather lengthy article and argues that only a very strict perfectionism would mandate the state to offer possibilities of meaningful work for everyone. A weaker perfectionism, understood as the promotion of multiple human goods or arguments based on maximizing welfare does not support such a right. Arneson shows that, given the multiplicity of human preferences and the fact that many maximize welfare outside of work, access to meaningful work would not increase welfare and would not be guaranteed by a welfarist logic either. Finally, Arneson concludes by supporting a regime called market socialism (despite its denomination it is closer to Krouse and McPherson's version of the POD/mixed regime) and that, on liberal grounds, he rejects both the strong and the weak versions of the right to meaningful work.<sup>328</sup>

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<sup>327</sup> White, „Property-Owning Democracy and Republican Citizenship”, 131

<sup>328</sup> Adina Schwartz, “Meaningful Work” *Ethics*, Vol. 92, No. 4 (Jul., 1982), pp. 634-646, Richard J. Arneson, “Meaningful Work and Market Socialism”, *Ethics*, Vol. 97, No. 3 (Apr., 1987), pp. 517-545. For a contemporary discussion see Beate Roessler, “Meaningful Work: Arguments from Autonomy” *The Journal of Political Philosophy*: Volume 20, Number 1, 2012, pp. 71–93

Alternatively Thomas' and Krouse and McPherson's suggestion seems closer to what a property owning democracy can be like. Individuals could choose between worker-managed/owned firms and non-worker managed firms. People would be endowed with capital goods and they might be forbidden to sell them. Yet, no one could stop them from lending them and being employed under the direction of a manager. Some people might even accumulate somewhat more capital than the others, provided that the difference principle is not violated. They could come to own small enterprises and employ others. Other firms would be on a fully cooperative basis, using the workers' capital to start up. A plurality of types of economic production units would emerge. No one would be forced to sell his labor or creativity, but no one would be stopped from doing so.

### ***3.6. What is not Property-Owning Democracy: distinguishing from basic income and basic capital/stakeholding.***

A property-owning democracy should also be distinguished from other proposed institutional schemes such as a basic income or a basic capital grant. The first is advocated by Phillippe van Parijs while the second by the Bruce Ackerman and Anne Alstott in their conception of the stakeholder society.<sup>329</sup> Another form of this policy has been implemented by the British Government during the Blair years and named the Child Trust Fund. It has received a philosophical evaluation in Stuart White's article on Basic Capital.<sup>330</sup>

Parijs proposes that each citizen be granted a sum of money each month, offered from public funds. This income would be offered unconditionally, universally and to everyone.

<sup>329</sup> Bruce Ackerman and Anne Alstott „Why Stakeholding?“ in Erik Olin Wright (ed) *Redesigning Distribution* (London: Verso, 2006), and Philippe Van Parijs, „Basic Income: A Simple and Powerful Idea for the Twenty-First Century“ in Erik Olin Wright (eds) *Redesigning Distribution* (London: Verso, 2006).

<sup>330</sup> Stuart White, „Basic Capital: A Policy Whose Time Has Come . . . and Gone?“ *The Good Society*, Volume 21, Number 1, 2012, 61-71 also delivered as a lecture in , Young Scholars International Conference In Political Theory, University of Geneva, 12-13 May 2011

Moreover, this would not be dependent on work or unwillingness to do so and would supplement any income obtained from employment activities. Finally, the payment would be offered in cash, as opposed to in-kind. According to Parijs, this is the only way to guarantee real freedom, which, in addition to the classical negative freedom, also includes the material resources needed to perform some actions.<sup>331</sup>

Ackerman and Alstott disagree with this suggestion and instead offer a “stake” or one-time cash payment of \$80 000, payable in four yearly installments. They believe, that a one-time stake, unlike the basic income, would allow people to make more expensive investments, such as training courses or houses, at the beginning of their lives. A one-time grant would also, according to its proponents, stimulate responsibility and “forge a cultural bond that will make stakeholders’ common citizenship into a central reality of social life.”<sup>332</sup> Moreover, a one-time grant would force people to take the longer view and think about how they could act responsibly, in their life decisions such as investing, starting a business or getting married. Conversely, according to Ackerman and Alstott, converting a basic income into a stake would involve taking loans and might lead to the development of a loan-shark underground economy. The two authors also furnish the stake-blowers, those who go out and gamble their stake with some kind of minimum, but not with much more. This would prevent the worst forms of exploitation, but not allow people to live without working.

A property-owning democracy would differ from the two options in some significant ways. Firstly, it would provide some of the benefits in kind, as opposed to in cash. Thad Williamson’s suggestion of a diversified portfolio comes relatively close to what one might imagine a property-owning democracy would be. The distribution of stocks in productive firms would be the

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<sup>331</sup> Van Parijs, “Why Surfers Should be Fed” 104

<sup>332</sup> Ackerman and Alstott „Why Stakeholding?”, 48.

distinguishing feature of a property-owning democracy. Moreover, the suggestion of a housing voucher is not at all far-fetched, since access to housing makes people less dependent on others. Most probably, there would be restrictions on selling or pawning these assets for more cash. These restrictions would be especially tough in the case of the stakes in productive capital since an initial wide distribution might lead quickly to large concentrations if a market in stocks is allowed. Yet, as Ackermann and Alstott point out, one's capital goods should not be completely out of the reach of creditors, if one decides to borrow and use the stocks as a security. However, at least a part of the stocks owned by a citizen should be intangible, while one's income from capital ownership should be legally partially seizable by creditors.

Both Parijs on the one hand and Ackerman and Alstott on the other are relatively unclear as to what other support programs their proposals could abolish or replace. An universal income might be quite a generous form of support if free higher education would be enforced. However, neither basic income nor a \$80 000 stake would help much if their implementation would mean that the price of higher education would be decided on a competitive market. What is clear about property-owning democracy is that capital redistribution would not replace but rather be complemented by a strong support for free education and universal basic healthcare. Moreover, as mentioned above, a property-owning democracy might lead to the disappearance of private schooling, thus eliminating the problems arising from education's positional character. Yet another difference would be the treatment which these systems would mete out to those who willingly choose to live unproductive lives. Both stakeholding and basic income are to be offered unconditionally of one's willingness to work. Idle surfers would have their basic needs provided for. Rawls is quite unsympathetic to those able but unwilling to work and believes leisure is to be

subtracted from the primary goods. Therefore, the capital grant would need to somehow track one's willingness to work and actual attempts to find jobs.

One of Van Parijs's arguments in favor of a basic income is that it is less expensive to offer a universal grant than the current workfare programs. He believes that the state spends too much in tracking whether people are willing to take jobs. Further, he argues that the state submits citizens to humiliating administrative procedures when deciding if refusing a particular job is justified or not.<sup>333</sup> Rawls does not take up these issues and simply assumes that opportunities to work would be available and that there would be only a few people unwilling to work.<sup>334</sup> Yet, a property-owning democracy, if one is to take Rawls' statements for good, will need to spend some resources to investigate if one is truly willing to work or just wishes to live of his capital grant.

Finally, there would be some significant differences between how the citizen is expected to pay back his debt to society. Under van Parijs' scheme, there would be taxation at the upper end of income to fund distribution towards the lower end. Ackermann and Alstott aim that citizens towards the end of their life give back some or the entire stake that they received in the beginning. Thus, each person would only be lent the money to invest productively, thus overcoming capital scarcity in the early stages of life. Under a property-owning democracy, the most important redistributive mechanism would be the inheritance tax. Thus, people could own capital throughout their life and not give it back except after death. This would have a similar "loan" effect as the stake offered by Ackermann and Alstott, but those receiving the loan would

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<sup>333</sup> Van Parijs, „Basic Income: A Simple and Powerful Idea for the Twenty-First Century”, 12.

<sup>334</sup> „Of course, if leisure time is included in the index, society must make sure that opportunities for fruitful work are generally available”, Rawls, *Justice as Fairness*, 179

never get to see the payback. An incentive to invest and work harder could be achieved from this scheme, since one could enjoy the fruits of one's labor until death, if not pass them on.

Moreover, the consumption tax would represent the second most used redistributive mechanism in a property-owning democracy. Rawls expressly mentions this, given his aversion to income tax. If one saves and actually frees up resources for investment, a property-owning democracy would request only a modest tax. However, consumption represents a form of appropriation according to Rawls and should be doubled by a contribution to society.<sup>335</sup> This would especially contrast to van Parijs' suggestion of an income tax.

### ***3.7. The property-owning democracy***

The previous sections established the main trends in the literature as to what a property-owning democracy could look like, as well as criticize some of the approaches. This section will offer a view of the main traits of such a regime. It will show that a property-owning democracy maintains the key elements identified in the literature, but is distinctly different from socialist regimes. The market plays an important role and choice between types of work is guaranteed. This ensures coherence with both parts of Rawls' work: the early ones, dealing mostly with socio-economic justice and the later, which address societal pluralism.

Firstly, the three features offered by O'Neill would probably be the defining pillars of such a regime. A property-owning democracy would definitely have to work to disperse productive capital as widely as possible. This is the crucial difference between a POD and a welfare state. Moreover, these capital entitlements would need to be offered to citizens before they enter the market. However, Rawls is not particularly clear on what he means by "period" in the following

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<sup>335</sup> „People would be taxed according to how much they use of the goods and services produced and not according to how much they contribute”, Rawls, *Justice as Fairness*, 161.

text: “not by the redistribution of income to those with less at the end of each period, so to speak, but rather by ensuring the widespread ownership of productive assets and human capital (that is, education and trained skills) at the beginning of each period”<sup>336</sup>. This distinguishes Rawls from the proponents of the stakeholding society. It is a reasonable interpretation that a “period” in Rawls’ terms is meant to be more than a year but less than a lifetime. It could be assumed that people would receive some capital entitlements at the beginning of their adult life, but also at a later part if they lose it through accident or misfortune. However, irresponsible gambling with the transferrable part of the capital entitlement would not be rewarded.

It is logical to presume that under POD at least part of the capital entitlement received by each would be non-transferrable, although that part might be much smaller than imagined. Moreover, to keep inequalities consistent with the difference principle, accumulations of capital would be aggressively taxed at the end of “each period”. However, these accumulations would not be as great as some seem to fear and taxation would be nowhere near as aggressive as imagined. One needs to distinguish between the period of transition to POD and the institutions existent under POD. To break up current large concentrations of property, the period of transition would be characterized by quite impressive levels of taxation on productive property. That Williamson’s suggestions are probably the minimum level, if the POD is to be achieved gradually, over time.

However, a property owning democracy would not forbid its participants to use their capital entitlements to join a larger firm nor would it mandate that this firm be democratically controlled. Some could decide to join with others, maybe with those owning larger shares of capital, to build up an economic productive unit. One might even relinquish control over

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<sup>336</sup> Rawls, *Justice as Fairness*, 139

productive decisions as well as less important ones in this unit, while keeping the exit option of leaving if the main decisions put him in a situation of disadvantage. The situation of the “apathetic worker-owner” or the person who chooses not to become an “exemplar of humanity” would be tolerated under property-owning democracy. Moreover, some could keep their capital entitlements, but also work in a firm where they do not own any capital. Wage slavery might be abolished, but wage labor not.

Further, people would not be compelled to take jobs that they do not wish due to poverty or lack of education. The social stigma and low pay associated with some jobs will disappear given the operations of a market in which agents enter on a more equal footing. However, meaningful work in the sense of the Aristotelian principle or of self-realization through work would not be required for every job. The choice between jobs with meaningful content and those without would still persist.

One of the defining characteristics which would distinguish a POD from socialism would be the use of markets for allocating factors of production and resources. There would be markets in both material factors of production as well as in labor. Rawls believed in the superiority of markets for allocative efficiency, but opposed their use for distributive purposes. He distinguished the two: “The former is connected with their use to achieve economic efficiency, the latter with their determining the income to be received by individuals in return for what they contribute.”<sup>337</sup> He believed that even a socialist system could establish an interest rate to see which areas of production and which raw materials are more in demand at a certain time. Thus, a POD would take an important part of production decisions through market mechanisms.

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<sup>337</sup> Rawls, *A Theory of Justice*, 241



Secondly, the POD would guarantee fair equality of opportunity, both through large taxes on inheritance and a wider distribution of estates accumulated during life, but also through free education for all. Once again, the distinction has to be made between the transition to POD and the policies under POD. During the transition, taxes on estates would need to be large so as to break up current concentrations of capital. However, once a POD is achieved, it is hard to imagine that people could accumulate during their life as much as they have done until now. Though inheritance taxes would still exist, education would represent the main vehicle for ensuring equality of opportunity. Resources invested in schooling for one child would not be as unequal as under current circumstances. Nor would private schooling lead to such disproportionate chances in life. Widespread education is justified both by the principle of fair equality of opportunity and by the requirement to diffuse human capital.

One crucial aspect here is the status of tertiary education. Schemes such as the stakeholding society imagine that the one-time stake could be used to fund education and university studies. However, they tend to neglect the fact that if one spends his stake on higher education, this stake might not be valuable at all. Under a POD, higher education would probably be free but rationed on the basis of merit, with opportunities to go back to school later in life. The cost for higher education would not have to be paid out of the citizen's capital grant, but would complement this grant. This way, the widespread ownership of both kinds of capital would be promoted.

In addition to these policies, among which education has a special role in guaranteeing the fair value of political liberties, policies to prevent the corruption of politics would need to be added. As O'Neill states, reforms such as those limiting campaign contributions and the power of those who own more to influence politics would need to be implemented. However, if capital

was redistributed, there would not be a need for major regulations in this field. While under an unequal distribution of resources, policies to prevent existing concentrations of wealth from influencing politicians have to be strong and strongly enforced, with less inequality the need would diminish. As mentioned above, the temptation and possibility to influence politics appears when capital resources are concentrated but is less when this concentration vanishes. While policies like this would have to be strong especially in the transitional phase, under a mature POD they would be rolled back. Laws setting a fair limit to the minutes allocated on TV for political ads and the amount of campaign spending for one candidate would be all there is.

When it comes to the actual capital stake which each citizen can receive, this chapter will not go into concrete proposals. That Williamson's represent a close approximation and debating over sums and the exact distribution of the sum is probably not of interest. It is only to be mentioned that these benefits would not be received only one-time in life and periodical redistributions would need to be arranged. Moreover, while the total value would vary for each society, it would be generous enough to make a difference in one's life but not enough to incentivize laziness and withdrawal from work. One crucial aspect of the grant would be, and this thesis supports Williamson's broad scheme, that it would be divided between an in-kind and in-cash parts, and that some of this would be non-transferrable. While the stakeholder model would allow for full transferability of the grant, even through gambling, the POD model varies in the fact that periodic redistribution is made. Thus, not allowing an individual to completely blow one's stake completely is justified, if further redistribution is to be implemented. Those who mindlessly blow their grant should not be compensated at the end of the period, while those who made a bad investment might. Yet, the costs of checking this are too high and the best way to prevent such problems is to make part of the grant non-transferrable.

Finally, the problem raised by Krouse and McPherson of what happens in-between periods of redistribution is still valid. However, if a citizen is equipped with a non-transferrable capital grant, education and ample work opportunities it would be hard for him or her to claim that he has fallen below the minimum and would need redistribution. While not required by justice, a higher level of the social minimum for even the most unlucky or unworthy could be established by a democratic society. However, direct welfare provisions would be rather low in a POD.

## **Chapter 4: Democratic socialism and property owning democracy compared**

### ***4.1. Introduction***

The final chapter of this work brings together what has been established so far. It aims to answer the main research question of this thesis: Does the argument for the property owning democracy offer an adequate reply to Marxist criticisms of the Rawlsian framework? Firstly, a comparison of the institutions of a Rawlsian property-owning democracy and of a democratic socialist society as envisioned by a rational reconstruction of Marx's opus will be made. This initial comparison is necessary because the differences between the two societies need to be well established before proceeding to the next step.

Two main aspects of societal organization are compared at this step. Following the Rawlsian distinction, economic institutions are those that govern distributive shares. They decide how the wealth in a society is produced and distributed. Political institutions have at their core aspects of basic rights and liberties. These rights need to be enshrined and then protected through institutional means (e.g. judicial review). The differences in how rights and liberties are conceived and defended in a Rawlsian and in a Marxian society are discussed under this heading. This chapter does not discuss, however, debates at the level of fundamental principles and conceptions. These have been elaborated in the previous chapters. It suffices to remember that a form of egalitarian left-libertarianism centered on self-ownership and world ownership underlies a Marxian society. Conversely, the two principles of justice, the ideas of political liberalism and public reason represent the fundamental values of a Rawlsian society.

The second part of the chapter elaborates the objections which Marxists can bring to the Rawlsian framework and assesses the possible replies. Five such objections are constructed.

They relate to negative rights, political rights, self-realization in private activities, self-realization through work and the status of the market. Replies are derived from Rawls' direct pronouncements, from the discussion on the institutions of a property-owning democracy in the third chapter and from Rawls' comments about liberal socialism. Throughout the chapter, the term democratic socialism denominates Marx's ideal society as reconstructed in this thesis while liberal socialism means Rawls' view of socialism.

The negative rights objection is based on an attempt to interpret Marx's *On the Jewish* question in a rational way. Two forms of a possible Marxian objection to negative rights can be envisioned. The first one, a strong one, asserts that negative liberties are unnecessary in a socialist society due to a radical change in human psychology and the disappearance of conflicts of interest. This is rejected as utopian. An alternative formulation of this objection is attempted. What Marx might be concerned when criticizing negative rights might be nothing but the hypocritical way they are protected in liberal democracy. Alternatively, Marx is read as proposing a radical democratic form of protecting rights. The objection therefore founders due to the complete unfeasibility of this idea.

The second objection concerns the supposedly insufficient political rights in a liberal regime while the third the poverty which a fair market generates. Finally, the fourth and the fifth objections remain the crucial elements which distinguish liberalism and socialism. While the former allocates at least investment resources, if not economic rewards, through the market, the latter subordinates the market to democratic control. Finally, liberalism (either a property-owning democracy or a liberal form of socialism) treats the idea of workplace democracy and sharing of unpleasant work as a possible, but not a necessary part of mandatory social

arrangements. Conversely, democratic socialism has this value engrained in its conception of justice and actively promotes it.

All in all, the chapter argues that Rawls' institutional framework can repeal most of the socialist criticisms addressed to it. A property-owning democracy provides for equality of opportunity and for enough capital to reject the idea that people will be so poor that they will not be able to realize their life plans. It protects negative rights, even if differently than a democratic socialist regime (judicial review as opposed to wide democratic deliberation). In a property-owning democracy the market still makes important decisions, but the values of fairness and mutual cooperation are embodied in the design of the market. Both a property-owning democracy and liberal socialism do their best to ensure the fair equality of political rights. However, one major criticism remains: the inequality of impact in decisions at both the political and economic level. Unlike democratic socialism, property owning democracy allows for the division of labor to persist and for some to end up in professions made up of unpleasant work. It does not insist on equality of participation in the workplace or in politics. Unlike democratic socialism, a property-owning democracy allows the existence of a group of people who are professional politicians. Through division of labor, these have a considerable higher impact on political decisions than other citizens. It also allows some to be permanent employees and others permanent managers of economic firms.

#### ***4.2. Economic institutions***

The main difference between a property-owning democracy and a socialist society based on the principles of equal collective control is the status of work. Political liberalism would find it problematic to privilege those forms of organization in which an equal share of decision

making power in the workplace would be central. On the other hand, a society based on equal collective control would have the idea of the democratic workplace at its very core.

In a property-owning democracy, workers' collectives would operate among firms which are completely managed by one or a restricted group of persons. In such a regime, an individual will have the opportunity to choose whether he becomes employed in a management-controlled firm or if he chooses to work in a collectively-operated firm. While this creates the opportunity for choice, collective firms might be disadvantaged. Management operated firms might be more profitable and eliminate workers' collectives from the market.

On the other hand, in democratic socialism, the ideas of equal control and transcending exploitation and alienation would mandate a democratic federation of workers' collectives. These collectives might decide to give more power to the manager or to keep more to the workers' assemblies. However, ultimate power would rest with the workers themselves. People might not have the right to a part of the capital goods except as having a share in the decision of their workplace. The idea of capital coupons which would be a trademark of the property-owning democracy would not exist. Rather, each individual would have a right to vote in the democratic leadership of his place of employment. When changing places of work, a person would negotiate a compensation package with the new firm and automatically obtain the right to have an equal vote in the assembly.

Both societies would realize a principle of equality of opportunity in the allotment of the educational resources for individuals. It is conceivable that in both societies a division of labor will persist and that some managerial and leadership position will still be necessary. Both societies recognize that in a complex system of organization, there have to exist people who are placed in a position to oversee key aspects of the activity and to distribute different sub-tasks to

other individuals. Of course, these special positions also require the authority to make decisions and to discipline other individuals who do not perform their tasks. Occupying these positions can only be done in according to a strong principle of equality of opportunity. Education would probably still represent, in both societies, the vehicle to becoming eligible for these jobs. However, family background would definitely not play a role in the allotment of educational opportunity because in both societies public funding for education would be ensured. Moreover, while the state would ensure help for those who do worse in educational achievements, merit would eventually represent the criterion to decide between applicants competing for the more desired resources.

Further, even though that the division of labor would persist, inequalities in both societies would be significantly lower than those of today. Managers would be paid far less than the leaders of the industry today. While in a property-owning democracy, an individual with a skill for investment and business could create and manage his private firm, in a socialist society, no such option would be possible. She would need to either join an already established firm or band together with others to create a new one. The possibility of private investment would definitely be out of the question. However, collectively, a group of people might rent productive resources from the state and establish a new company. Thus, at the same time, these individuals would act as citizens and as investors. They would propose their business plan for democratic approval (of course, the citizens' assembly might delegate responsibility for approval of investment plans to those who have more economic education) and then pay a rent to the state for the resources which the state would grant them.

In a POD regime, inequalities would be governed by the difference principle. Higher inequalities could be permitted if they bring benefits to the least well off. Under democratic



socialism, however, inequalities would need to be approved by the citizens' assembly. They would probably be related to the type and amount of work one performs. For example, each year, the citizens' assembly might vote on a series of coefficients. These would relate the lowest level of pay to the higher ones. For example, it might be decided that the maximum amount a manager can receive is three times as much as that of an unskilled worker. Keeping with the principle of self-ownership, this retribution would be calculated per hour. However, in order to prevent high inequalities between those who work more and those who work less, a maximum amount of working hours could be legislated. For example, a society might allow people to work between 35 and 45 hours per week and pay a manager three times as much as an unskilled worker. Thus, assuming basic remuneration at 1\$ per hour, a lazy worker who wishes for nothing but the minimum would receive 35\$ per week. A hard-working manager would make 135\$ dollars per week, only out of work. Of course, these might be supplemented by dividends from capital, but there would still be enough inequality to reward work and personal investment in education.

One difference between the two institutional proposals would be evident in the status of those unable to work. Rawls has been severely criticized for failing to account for these. It has been argued that his conception of society as a scheme of cooperation leaves outside those that cannot cooperate. Moreover, G.A. Cohen<sup>338</sup> criticized Rawls for not seeing the fact that the least advantaged are not anymore those who are in employment but receive rather low wages. According to Cohen, today's society specifically disadvantages people like the disabled or those unable to find work. One reply for Rawlsians is to bite the bullet and accept that their principles address only those engaged in a cooperative scheme. For the disabled, a principle of redress might be found appropriate. Another viable strategy is to argue that the disabled and unemployed

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<sup>338</sup> Cohen, *Self-ownership, freedom, and equality*, 154

are indeed the least advantaged and that they are covered by the difference principle. While the first would recommend a modicum of welfare payments, the second approach would be more inclusive.

A POD regime would probably adopt the second approach and treat those who cannot work as part of the least advantaged. Thus, the possible increases in the primary goods of the best off would need to take into account this situation also. Given Rawls' metric of primary goods, this society would not be beset by the problems of luck-egalitarianism, such as the unsuccessful attempts to fully compensate for the disability of an individual. Each disabled person would receive a fair amount of productive capital and housing vouchers, for example. Additionally, the special claims of the disabled (such as wheelchair provided by society) would probably be tackled under the social basis of self-respect.

A POD regime offers only a modicum of welfare for those unwilling to work. They will receive their capital shares but not much more. This would keep the spirit of both Rawls' egalitarianism and of his view of society as a cooperative scheme. The unwilling would not have the same claims based on self-respect because they do not acknowledge the claims of self-respect of others.

The democratic socialism outlined in chapter two would also accommodate the claims of the disabled, but in a different form. Firstly, even if they do not work, they are entitled to a rent from society based on their being common owners of productive resources with those that work. Moreover, they are also entitled to vote in the way resources are employed at the state level. Furthermore, given that the infirm are unable to exercise their right of control over decisions at the level of the productive unit, it can be argued that society will be seen as the trustee of this particular right which the disabled person possesses. Given that a person's infirmity allows each

able person to exercise more control at the level of the individual productive unit (there are less people working and the vote of each counts for more), the infirm is owed a larger rent from society than that based merely on his “renting” out his resources. This rent can also be paid in public goods, for example, by investing societal resources in access ramps for those who cannot walk. Of course, the remuneration which an able working person would receive, due to the control he exercises at the level of the productive unit would be higher than that of the infirm, but the latter would be far from a bare survival.

A basic rent for the able but unwilling to work in a democratic socialist society is derivable from the premise of limited self-ownership. Self-ownership as presented in this work involves a claim on enough resources to not have to sell oneself. It is imaginable that this rent will not cover more than rather basic needs. Given that a person, who is able to work but refuses, willingly forfeits his rights of control at the level of the productive unit, he is owed no compensation.

Moreover, the previous example (the infirm receiving a rent for the influence she gives up at the level of the productive unit) also is consistent with the able persons’ self-ownership. They exercise control over the resources they produce at both the social level and the firm level. They can also pay themselves more and have the cooperative firm invest less or the other way around. They can also work more and gain more resources or the converse. Finally, since there is no luck egalitarian component of the theory, the severely disabled are not owed so many resources that the self-ownership of the able person would be violated. Moreover, children also have a right to resources, yet, being immature, their rights are administered by parents and by society, which provides them with education and realizes equality of opportunity.

Another major difference between the property-owning democracy and socialism is the position of the state on the promotion of meaningful work and workplace democracy. In a POD, all the state could do is to ensure capital is widely distributed and that people have access to education and health care. It would be neutral between individuals who believe self-realization in the workplace is a value they wish to achieve and those who prefer more private enjoyments. A democratic socialist state would have no such qualms. It would probably, at the very minimum, offer advantages for more democratic cooperatives and conduct campaigns of public awareness. These would praise collectives in which workers play a more important part in decisions. Democratic participation by workers would have to be also balanced against the expert knowledge about economic consequences which managers would have. Yet, exhortations for workers to educate themselves and be able to be better informed and to participate in collective decisions would probably form part of the daily actions of this society.

One related issue would be the status of unpleasant work, such as cleaning the floors of an office. A POD regime would provide for equality of opportunity. This means that those willing and able can avoid having only low qualifications to have no other option of an occupation. Given that no one would be forced by a lack of capital to accept a low- status job, the compensation for these would not be so low as today. Moreover, everyone would be able to supplement his income from the dividends on capital received. However, it is still imaginable that in a POD regime, due to individual lack of ambition, some people might end up in professions where they would be permanently assigned to fulfill meaningless tasks. A socialist society, however, would positively militate for the abolition of this type of specialization. Rather, it would encourage (but not force) collective firms to share these tasks among the other workers. Managers could even do more of them as a form of respect for the employees.

Another important difference between these political and economic forms of organization would be the status of the market. A POD would maintain the market for allocative purposes. For example, it would allow prices of factors of production to vary according to demand. Moreover, a credit market would also be established and an interest rate would track the profitability of particular sectors. A market in consumer goods would also exist, as the products would be freely traded. Yet, individuals would not be allowed to accumulate so much productive capital and large concentrations would be broken up. A POD would probably consist of many relatively small manager-controlled firms and a few large democratic units.

A socialist society of the type outlined in chapter two might use an interest rate mechanism to establish which sectors of the economy are more profitable. However, investment resources might also be allocated according to a democratic plan. For example, the state could act relatively authoritatively and decide that a particular sector will receive a particular amount of investment. Alternatively, rather than an interest rate, another kind of market mechanism might be simulated. The state could outline the main investment directions which it desires to be pursued and groups of individual might file applications for funds to invest in those particular aspects. However, as opposed to a POD, the democratic state might regulate these issues far more. It could vote on a growth rate and on the extent to which it desires to allocate resources for investment as opposed to public goods or transfer payments. While in a POD the growth rate and the amount of investment would be a random result of market mechanisms, under democratic socialism, this would be a matter of political decision.

The main criticism to both these form of organization which can be offered by authors who support a free market regime is the absence of incentives and of information. Kevin

Vallier<sup>339</sup> argues that there is no incentive to work hard in a property-owning democracy if one is not allowed to keep the full results of his work. Libertarians would say that the socialist type of organization envisioned in the second chapter would be even more beset by the same problems. However, their assumption is that the only incentive to create goods and services is being able to keep all of the value of what is created. Yet, this is not necessarily the case. Some monetary incentives might be created such as a higher compensation for managers and the ability to enjoy some goods. Yet, non-monetary incentives might also exist, especially in a socialist society. The more productive cooperatives and the more productive managers might receive prizes and status recognition. Of course, the focus would be on the collective achievement of the team or cooperative, rather than that of the manager.

Out of Vallier's criticism, the information problem succeeds better than that his claim about incentives. Vallier argues that in a property-owning democracy, market signals would be distorted. A POD regime would need to maintain a large bureaucracy to calculate the maximum amount of capital one can have and to redistribute it widely. Secondly, redistribution distorts the market, according to Vallier because it does not allow its signals to go through. For example, when someone discovers a market niche and makes a profit out of selling a particular product, the state will come in and redistribute that profit. This will not allow that particular business to grow and will not send the proper signal to other potential investors. Resource allocation will be inefficient, Vallier argues. This criticism would be even stronger when directed against a socialist society which would probably only have markets in consumer goods while investment decisions would be taken by the democratic state.

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<sup>339</sup> Kevin Vallier, "Property-Owning Democracy Is Unworkable" blog, *Bleeding Heart Libertarians*, December 5, 2012, <http://bleedingheartlibertarians.com/2012/12/property-owning-democracy-is-unworkable/>, Accessed 5.12.2012

It can be argued, however, that a POD does not have the effect which Vallier claims it does. When a new niche is discovered, people would invest money there. Even if the state takes away the gains of some, profit would still be made. This would keep attracting other investors. Further, if the redistributive agencies are as transparent as possible, potential investors could find out where the largest profits and therefore the most funds for redistribution have been taken from. This would constitute merely a different form of information, complementing that provided by market mechanisms. Yet these results might be manifested under a regime where the state regulates investment decisions. This definitely speaks against authoritatively investing resources in particular projects, but not against setting guidelines for the sectors which the state wishes to develop and for allowing some form of market success to be rewarded.

### ***4.3 Political institutions***

A major difference between a democratic socialist society and a Rawlsian property owning democracy would occur at the level of political institutions. A POD regime would be furnished with all the institutional features of a liberal democracy, including a constitution, a form of judicial review, an elected assembly which will be filled up by regular elections (even though, unlike currently, private funding of elections would be banned). Moreover, this society would contain guarantees to ensure the widest possible deliberation among citizens, who are supposed to exercise public reason when deciding the constitutional essentials. A Rawlsian POD would not be a mere procedural democracy, but would aim to be as deliberative as possible. On the other hand, a democratic socialist society would be organized as a federation of either small territorial units or of collective firms. The latter would probably better fit the idea of “associated producers”, but it might exclude those who are not employed. A balance between workplace representation and territorial representation might also be struck.

A Rawlsian society would organize its political institutions in order to protect the basic liberties, which would be stipulated in a constitution. Rawls views the organization of political institutions in a liberal fashion: the goal of the institutional setup is to protect the basic liberties. Of course, Rawls does not have a limited view of basic liberties, which, in his conception, are far more robust than in classical liberalism. Rawls argues for a society in which an elected assembly makes law but is bound by a constitution defended by a judicial institution (a constitutional rather than a procedural democracy). The rules which this assembly makes conform to what is generally known as the rule of law (laws are impartial, general, public, possible to understand and obey, treat people like cases alike, and include due process for the enforcement of law). Civil liberties such as freedom of speech and freedom of assembly are guaranteed and constitutionalized while the state takes positive steps to ensure the fair value of political liberties (that voting is not affected by gerrymandering, that politics does not fall under the exclusive informal control of those who own capital and that citizens are informed and meaningfully able to deliberate on the major issues).<sup>340</sup>

Moreover, one of the crucial Rawlsian concepts is that of public reason. This kind of reasoning is supposed to be exercised by citizens when voting on constitutional essentials, by elected representatives and especially by the supreme judicial institution.<sup>341</sup> The idea of public reason is that coercive law can only be justified if those on who it is imposed can reasonably endorse it. Therefore, according to Rawls, public reason means that coercive decisions on constitutional essential may be justified only with reference to the common values in a society (or, at least the common values shared by those with reasonable comprehensive doctrines-those

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<sup>340</sup> Rawls, *Justice as Fairness*, 145-150, *A Theory of Justice*, 194-214

<sup>341</sup> Rawls, *Political Liberalism*, 212-247, John Rawls, "The Idea of Public Reason Revisited" in *The Law of Peoples with The Idea of Public Reason Revisited*, (Cambridge, Massachusetts: Harvard University Press, 2000), 131-180



doctrines which see individuals as free and equal). Citizens and judges should not bring nonpublic reasons or especially private interests to the public forum. Nonpublic reasons involve those reasons which come from comprehensive doctrines that are not shared by other members of the same society. Moreover, in addition to the substantive content of the political conception of justice which forms the background for the exercise of public reason, a set of guidelines of inquiry are a basic part of the political conception of a society. Thus, rules of inference which establish what an acceptable deduction is and what counts as proper evidence are part and parcel of such a conception.<sup>342</sup>

Rawls' idea of public reason therefore constrains the type of institutions a society can adopt. Judicial review exercised by a central court-type (either solely or as an ultimate authority) institution is quintessential in the political architecture of the Rawlsian regime. Moreover, Rawls also argues that aspects related to distributive justice will not be part of the constitutional essentials, but will be decided by the "political values of public reason".<sup>343</sup> Thus, a Rawlsian POD would resemble, in its political institutions, a society as the liberal democracies of today, while improving the worse aspects of political representations and campaigns. However, an anti-majoritarian institution guarding entrenched liberties would be, by necessity, part of the institutional architecture.

A Marxian society, as outlined in Chapter two, would aim for a radical form of democracy. In Engels' words "Well and good, gentlemen, do you want to know what this dictatorship [of the proletariat] looks like? Look at the Paris Commune. That was the Dictatorship of the Proletariat".<sup>344</sup> As mentioned previously, it would be based on imperative short-term mandates

<sup>342</sup> Rawls, *Political Liberalism*, 224

<sup>343</sup> Rawls, *Political Liberalism*, 229, 229n10

<sup>344</sup> Engels, postscript to Marx, *The Civil War in France*.

with the possibility of recalling representatives, federative associations and a relatively low salary for the state functionaries. Moreover, according to Marx, judges are

*to be divested of that sham independence which had but served to mask their abject subserviency to all succeeding governments to which, in turn, they had taken, and broken, the oaths of allegiance. Like the rest of public servants, magistrates and judges were to be elective, responsible, and revocable.*<sup>345</sup>

Several important aspects need to be addressed here about the political institutions of a democratic socialist society. Marx, like Rousseau before him, places great faith in direct democracy as the only institutionally feasible solution. He does not consider the possibility of a tyranny of the majority. Maybe also due to his ideas that conflict of interests will disappear in a communist society or that everybody will be a worker (he did not consider the possibility that national or philosophical differences might continue to persist) Marx is oblivious to the possible suspension of freedoms for a minority. Moreover, he does not even consider that it would be possible that an apparently neutral decision (establishing an official language for the administration) might radically disadvantage a minority. Further, Marx does not consider the possible detrimental effects of having the people permanently engaged in deliberations and away from productive activities or from their private time. Finally, Marx does not take into account the possible negative effects of cognitive biases, asymmetries of information and failings of argumentation which might accompany permanent deliberations by citizens.

Yet, one criticism which survives the possible failings of the Marxian institutional structure is that in a liberal democracy, political office becomes a goal in itself for many. According, a state class with separate interests is created and this group of people acts for itself. Specialization and division of labor permit the emergence of such a group. In Engels' words:

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<sup>345</sup> Marx, *The Civil War in France*.

*Society had created its own organs to look after its common interests, originally through simple division of labor. But these organs, at whose head was the state power, had in the course of time, in pursuance of their own special interests, transformed themselves from the servants of society into the masters of society, as can be seen, for example, not only in the hereditary monarchy, but equally also in the democratic republic.*<sup>346</sup>

While it might be extremely hard to institutionalize all of Marx's proposals, the idea of radical and direct democracy would be the goal of this society. For example, unlike Marx's suggestions, police and judges might not be directly elected. This can prove positively harmful, for example when judges pass harsh sentences to run on "law and order" campaigns later.

However, representatives would have far shorter terms and there would be a limit to the number of terms one can have (even more, if one occupies an elected position for a while, after that he or she might be forbidden to have any state position for some time—for example, a deputy for two terms might be banned from all public office for the duration of another two terms). While it might prove impossible to have imperative mandates and referenda for many issues (offering some discretion for legislators), a far larger number of questions would be decided in this way.

The democratic socialism outlined here would probably have a constitution which would make guarantees for minorities (such as giving them vetos for issues that directly affect them or ensuring proportional representation). Further, this constitution would probably contain some basic liberties, since the idea of these being unnecessary is the most utopian part of Marx. Freedom of speech and freedom of assembly are among the most basic ones. However, while this constitution might be beyond the purview of ordinary majorities, its interpretation would probably be left to the assembly. On the level of political institutions, judicial review is foreign to both the texts and the spirit of Marx's works. Of course, the assembly might be required to

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<sup>346</sup> Engels, postscript to Marx, *The Civil War in France*.

offer special reasons when arguing that the basic framework should be interpreted one way or another (Marx's view is one which treats people as free and equal and any interpretation must be derived from these basic premises). Major decisions might not even be acceptable unless endorsed by large majorities in both the central assembly and in the communes in which society would be organized. Rather than protecting rights through judicial review, a democratic socialist society would protect them by making them subject to wide deliberation and supermajorities.

#### ***4.4. Can the property owning democracy (and liberal socialism) rebut the Marxian criticisms?***

After having a point-by-point comparison of the possible institutions of a POD and of a democratic socialist regime, this section will analyze the criticisms which a Marxian theory of justice can address to Rawls' liberalism. The possible replies are constructed both with reference to Rawls' direct pronouncements and the other elements of his works. Relying both on Rawls' texts and on the previous sections and chapters, this section brings together the main threads running through this thesis. The analysis will proceed from Rawls' own texts but will develop and attempt to answer each objection in turn.

##### *4.4.1. The negative rights objection*

This objection relies on Marx's claims in the *Jewish Question* that liberal rights are nothing else but expressions of an alienated and egoistic individual. Rawls' reply is:

*To Marx's objection that some of the basic rights and liberties—those he connects with the rights of man (and which we have labeled the liberties of the moderns)—express and protect the mutual egoisms of citizens in the civil society of a capitalist world, we reply that in a well-ordered property-owning democracy those rights and liberties, properly specified, suitably express and protect free and equal citizens' higher-order interests. While property in productive*

*assets is permitted, that right is not a basic right, but subject to the requirement that, in existing conditions, it is the most effective way to meet the principles of justice.*<sup>347</sup>

This criticism is one of the weakest of the four which Marx brings to liberalism. It is wholly reliant on the idea that communism is a society beyond the circumstances of justice and that conflict of interest will disappear in communism. One might adapt this criticism to the more realistic assumption that a form of democratic socialism will still need to adjudicate between competing claims of individuals. Once one drops the unrealistic assumption of the disappearance of the circumstances of justice, one might read Marx's criticisms posed in the *Jewish Question* differently. Marx might be interpreted as having a Rousseau-like belief that no one should have rights against the community, because each is part of the community. This critique might be read as an attack on the constitutionalization of rights. Moreover, on this reading, negative liberties should not represent fences to allow people to escape the need to engage in the community.

When it comes at least to basic rights, a democratic socialist society would not differ greatly from a property-owning democracy. What definitely differs is the philosophical underpinning of these rights (for Marx, self-ownership and world ownership, for Rawls, the conception of people as possessing the two moral powers). However, when it comes to practicalities, these rights would maybe be protected differently, but their central core would have to be either legislated or maybe even constitutionalized. Further, a judicial system would be in place, and unlike in Marx's comments in *The Civil War in France* at least some of its magistrates would be appointed on a merit system as opposed to an elective one. Of course, local judges presiding over small cases might be elected officials, but it is hard to imagine the possible devastations brought by a fully elected judiciary.

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<sup>347</sup> Rawls, *Lectures on the History of Political Philosophy*, 321, Rawls, *Justice as Fairness*, 176-177

One ambiguity in Marx should be touched upon. From the *Jewish Question* one can deduce a criticism of the very idea of rights, while from other writings, such as *The Eighteenth Brumaire of Louis Napoleon* a different interpretation might emerge. For example, it can be argued that he is only opposing the hypocrisy of the nineteenth century society, which promised universal rights but dramatically failed in realizing this promise.<sup>348</sup> If this second reading is more correct, then the idea of having negative rights in a democratic socialist society (once again, not necessarily constitutionalized rights, protected through judicial review) is not so foreign to the Marxian opus. Probably, unlike in a liberal framework, these rights would not be fundamental, but only instrumental to the ensuring of democracy and equal control of productive assets.

Rawls also sketches a response to a possible Marxian criticism of the specific right to own property. While Marx might not have much to object to the ideas of freedom of speech and freedom of assembly, he definitely would criticize the right to own property, especially in productive assets. A democratic socialist society as outlined in the second chapter would severely limit if not prohibit the right to privately own means of production. Rather, it would recognize collective ownership administered democratically. On this particular question, Rawls' property-owning democracy does not fail as a response to the Marxian criticism. While the POD would (also) distribute property rather than administer it through democratic collectives, it embodies the idea of limits to how much one individual can acquire, which is the core of the Marxian critique. Rawls shares the same intuition as Marx but offer a slightly different solution to the problem.

Thus, the first criticism which Marx brings to liberalism and to a property-owning democracy founders radically. In its strong form, Marx's critique of negative rights is fully

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<sup>348</sup> Peffer, *Marxism, Morality, and Social Justice*, 327

reliant on the hopelessly utopian idea of the disappearance of the circumstances of justice. In its weaker form, the idea that negative rights are hypocritical is fully answered by a POD. It protects and constitutionalizes these rights. While the best solution to protect these liberties is still doubtful (judicial review or wide direct democracy), both a democratic socialist regime and a POD would ensure them for all their citizens. Moreover, through education and public support, both regimes would not only not interfere, but positively further the rights of freedom of speech and freedom of assembly. Both would have a judiciary and protections from arbitrary arrest. Finally, both restrict the right to own productive property so that it does not conflict with the liberties of others.

#### *4.4.2. The political rights objection*

This objection could be formulated as follows: Liberal democracy offers only a sham of political rights. Equality of participation is merely declaimed as opposed to being implemented. Only a direct radical democracy can fully satisfy the idea of equal participation and equal influence. Rawls' reply comes as follows:

*To the objection that the political rights and liberties of a constitutional regime are merely formal, we reply that by the fair value of the political liberties (together with the operation of the other principles of justice) all citizens, whatever their social position, may be assured a fair opportunity to exert political influence. This is one of the essential egalitarian features of justice as fairness.<sup>349</sup>*

Rawls takes great pains to argue that in a POD regime, political rights are to be guaranteed at their fair value. In *Justice as Fairness*, he explicitly argues that his society needs to guarantee the political liberties (and only these) at their fair value in order to answer the

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<sup>349</sup> Rawls, *Lectures on the History of Political Philosophy*, 321, Rawls, *Justice as Fairness*, 177

objection made by radical democrats and by socialists, but above all, by Marx himself.<sup>350</sup> The fair value of political liberties means, in the Rawlsian framework, that the state takes positive steps to ensure that people have equal chances to influence political decisions. As seen both in O'Neill's conditions for a property owning democracy as well as in the idea that main constitutional essentials should be decided by public reason, a Rawlsian society would not resemble the ones that we know today. A more informed and more educated citizenry would share more influence on politics. Through different means, the influence which capital concentrations have on politics would be abolished. Finally, each citizen would have equal opportunity to become an elected official. Currently, family background remains a crucial factor for future politicians. Rarely do people from modest families succeed in becoming elected officials.

Despite all the Rawlsian guarantees, however, the Marxian criticism seems to survive. Equality of opportunity for control over politics does not seem as appealing as the idea of equality of impact promised by Marx. The idea of the persistence of a group of individuals who will specialize in the affairs of the state somehow leaves Marx's critique unanswered. Even if admission in this class is done through a process respecting the requirements of fair equality of opportunity, the idea that some people will remain legislators for a term of three to six years is somehow abhorrent to the idea of equality. Furthermore, the discretion which legislators get under current arrangements and which is likely to persist in a POD regime (even if legislators are chosen in fair elections, for which campaigns are based on the proper information of citizens and are largely independent of money) is likely to generate major information asymmetries. Thus,

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<sup>350</sup> Rawls, *Justice as Fairness*, 148.



when it comes to politics, equality of opportunity (to debate, be heard and occupy political office) seems less appealing than the equality of impact which radical democrats promise.

Another standard liberal reply to the Marxian and radical democrat criticism is that equality is ensured through the exercise of public reason. While individuals might have less influence over political decisions than their elected representatives<sup>351</sup>, a supreme court offers another kind of equality. It exercises public reason<sup>352</sup> to offer each citizen a justification which he can reasonably accept for an authoritative decision. Moreover, the way the argumentation for the decision is conceived must take into account the idea that all people are free and equal and that their reasons are to be equally respected (and that is why arguments can only start from commonly shared premises). Yet, this once again seems unconvincing in front of the radical democratic criticism. Why should a citizen be content with equal justification, when he can vote on decisions himself? Of course, practical problems are invoked sometimes, but given enough institutional reform, the ideal of equal impact can be meaningfully approximated.

While more will be said about the possibility of liberal socialism (the second form of institutions which satisfies Rawls' principles of justice) below, at this point it has to be stated that it would also have the institutions of judicial review. This would probably distinguish it from Marx's democratic form of socialism. The presence of a court-type institution entrusted with enforcing the constitution is the key feature which makes Rawls' socialism a liberal one. The political representation in such a regime might be closer to direct democracy and the structure of constitutionalized rights might be unrecognizable to citizens today. But, judicial review has to persist for a society to be called liberal.

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<sup>351</sup> Ronald Dworkin, *Justice for Hedgehogs* (Cambridge, Mass. : Belknap Press of Harvard University Press, 2011) , 389

<sup>352</sup> Rawls, *Political Liberalism*, 235

#### 4.4.3 *The self-realization (in private activities) objection*

This objection could be formulated especially with reference to Marx's long passages about the suffering of the working class. It would go as following: due to the poverty which capitalism creates through its defense of private property, individuals do not possess enough resources to follow their plans of life meaningfully. Most people are forced to work for a living and to struggle to obtain the necessities of life in the rest of their time. A right to private property limits the property of others. Marx offers a telling parable to illustrate an extreme example of this case. It is reproduced by Allen Wood:

*"A Yankee comes to England, where he is prevented by a Justice of the Peace from flogging his slave, and he exclaims indignantly: 'Do you call this a land of liberty, where a man can't larrup his nigger?' In the American south, freeing slaves was seen as (what it also actually was) a curtailment of the liberty of slaveholders."*<sup>353</sup>

Rawls replies as follows:

*To Marx's objection that a constitutional regime with private property secures only the so-called negative liberties (those involving freedom to act unobstructed by others), we reply that the background institutions of a property-owning democracy, together with fair equality of opportunity and the difference principle, or some other analogous principle, give adequate protection to the so-called positive liberties (those involving the absence of obstacles to possible choices and activities, leading to self-realization).*<sup>354</sup>

Firstly, this objection refers only to self-realization outside the sphere of work. Self-realization through labor is to be treated under the next heading on the division of labor. Therefore, it can be said that this criticism that Marx poses to capitalism and liberalism is radically unsuccessful. Of course, it succeeds against laissez-faire capitalism and against the type of capitalism Marx experienced in the nineteenth century. However, even the current welfare

<sup>353</sup> Allen Wood, "Karl Marx on Equality", Conference paper

<sup>354</sup> Rawls, *Lectures on the History of Political Philosophy*, 321, Rawls, *Justice as Fairness*, 177

states, let alone a property-owning democracy which institutes the difference principle make meaningful changes towards the improvement of the material conditions of the worse off.

The free schooling which a POD would guarantee has the effect of making children develop their capabilities to their greatest extent. Therefore, as many citizens as possible would be able to follow relatively intricate life plans, which involve the appreciation of complex and cognitively demanding activities (the same for democratic socialism). Further, capital redistribution would offer each the chance to enjoy at least some of these activities. Of course, neither under a POD nor under democratic socialism would these complex activities be forced on individuals. Those who enjoy beer and football would have the opportunity to do so. Yet, more citizens would probably have the education necessary to appreciate complex activities and to engage in them, overcoming obstacles and leading to self-realization.

#### *4.4.4 The self-realization at work objection*

The fourth is probably the most important objection of all. It concerns the relationship between the individual and work in a property-owning democracy and in a democratic socialist regime. While in the first, a system of fair markets allows individuals to choose the type of income-earning activities they participate in, the second allows only democratic collective firms and actively encourages worker participation. While the POD embodies the values of choice and pluralism of life –plans, democratic socialism directly aims to reduce division of labor and its effects to a minimum. Thus, POD can be accused of not seeing the special relevance of work in a person's life and of not providing enough opportunities for self-realization in this sphere. Rawls's famous reply is:

*To the objection against the division of labor under capitalism, we reply that the narrowing and demeaning features of the division should be largely overcome once the institutions of a property-owning democracy are realized.*<sup>355</sup>

It is interesting to notice that Rawls does not say that division of labor will be abolished but that its “narrowing and demeaning” features will. Furthermore, in *The Idea of Public Reason Revisited*, Rawls makes several comments on the gendered division of labor in the family. He argues that in a just society, a gendered division of labor will persist if voluntary and that “only involuntary division of labor [...] is to be reduced to zero”<sup>356</sup> Knowing Rawls’ wider framework, this statement could be applied also to his conception of the division of labor in society at large. O’Neill takes a similar approach in his work, when he claims that a POD regime overcomes the problems of inequality and domination and that Rawls’ statement quoted above is true.<sup>357</sup>

The possibility that Marx and Rawls might actually be talking about the same thing or past each other should be rejected in the beginning. It is worth remembering that, at least when it comes to the division of labor, Marx has clear ideas what he believes is wrong with it. It is not only its enforced aspects but also its very existence. Several times, in his works, Marx condemns the division of labor in its various shapes (in *The German Ideology*) and the separation of the work of political representation from the people (in the *Civil War in France*). Thus, Marx hopes that the abolition of the division of labor will bring forth new opportunities for human self-realization.

At this point, some of the concerns brought up in the first part of this chapter should be expanded and clarified, to further explain the objection and the response. The self-realization at work objection can have two different but interrelated readings. Both are covered by the Marxian

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<sup>355</sup> Rawls, *Lectures on the History of Political Philosophy*, 321 Rawls, *Justice as Fairness*, 177

<sup>356</sup> John Rawls, “The Idea of Public Reason Revisited”, 162

<sup>357</sup> O’Neill, „Free and (Fair) Markets Without Capitalism”, 89.

criticism and both need to be addressed by liberalism. The first distinction to be made is one between meaningful and meaningless jobs. The concept of meaningful work is employed here in Elster's way, briefly touched upon in the first chapter (pg 15). Meaningful work is understood as "as the overcoming of obstacles through creative activity". Jobs, in laissez-faire capitalism, vary on a continuum of meaningfulness: some jobs are only drudgery while others are mostly creative and conducive to self-realization.

The other dimension of self-realization at work is control over the productive process. This can be defined as the level of impact each individual has over the major decisions in his workplace. A distinction between task-definition and task-execution has been proposed by Iris Marion Young.<sup>358</sup> Current market arrangements lead to very hierarchical workplaces, where task-definition is entrusted to a relatively small group while task execution to another. Those who are permanent members of the task-execution group tend to become demotivated and have a feeling of inferiority. Alternatively, those who are permanent members of the group that defines the task (CEOs) come to believe that they are superior and that their privileges are deserved due to their superior talent and efforts.

Given all that has been said in the preceding two paragraphs, work can be arrayed across these two dimensions into four categories. It can be meaningless and powerless (a cleaner at any institution), meaningful but powerless (a low-level computer programmer), meaningless but powerful (a medium-level manager who decides on task allocation over a cleaning team) and meaningful and powerful (a company CEO or university rector). In capitalism that we know today, jobs tend to be differentiated so much that those who have meaningful jobs can eventually have also power, while those who have meaningless ones, never will. For example, a young

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<sup>358</sup> Young, *Justice and the politics of difference*

Harvard MBA graduate gets to obtain a meaningful and powerful job relatively quickly, while a person without a college degree spends a life of meaningless powerless jobs. Furthermore, powerless and meaningless jobs are badly paid. Additionally, the system also fails to offer enough equality of opportunity so that most people are forced by objective circumstances into meaningless, powerless and badly paid jobs while others have opportunities that they do not morally deserve to obtain jobs which involve meaningful tasks, power of decision and high remuneration.

The scope of the self-realization at work objection covers both problems. Socialism would like to see both the distinction between task definition and task execution and that between meaningful and meaningless work abolished. Of course, Marx's view that one can be a fisherman during the day and a literary critic during the night verges on the mystical.<sup>359</sup> Yet, the way work is arranged in current capitalism can be severely criticized.

The liberal solution is to probably maintain the distinction between task-definition and task-execution but to give higher salaries to those who are engaged in meaningless jobs ( keeping in mind Rawls' comments on the "narrowing and demeaning" and "involuntary" features of the division of labor) . Further, a POD would allow people to sort themselves out into jobs without taking into account their class background, but according to personal preferences and character. Moreover, more jobs which allow for control would be created due to the spread of capital. Yet, unlike socialism, liberalism-as-property-owning-democracy does not aim at a radical restructuring of working relations. Alternatively, socialism would require eliminating as much as possible the distinction between meaningful and meaningless work and instituting workplace

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<sup>359</sup> *In communist society, where nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes, society regulates the general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner, just as I have a mind, without ever becoming hunter, fisherman, herdsman or critic, Marx, German Ideology*

democracy as a solution to the powerful/powerless distinctions. While the state would not force people into meaningful jobs, it could at least promote these values.

Given all of this, the objection creates one of the most powerful cases for a democratic (or a liberal) socialist regime as opposed to a POD. Rawls and those writing in his tradition severely underestimate the status and importance of laboring in one's life. First of all, labor is a necessity if society is to create the surplus of goods and services necessary for its continuance. Of course, labor might be more or less intense and it might include less or more people, depending on the level of the technological advancement of a society. However, life without labor is impossible to imagine, at least given current technologies. Only in a society without labor, Marx would be useless. Further, labor is labor exactly because it is performed for gain as opposed to for pleasure. Labor might be enjoyable, but it is a sacrifice of time and energy nonetheless. Finally, it is also conceivable under current technological conditions that laboring activity will occupy a significant part of each individual's life, taking away possibilities for self-realization through other means. Treating self-realization through labor as just another form of self-realization omits these crucial aspects of what labor is.

Thus, given that there is no way to escape laboring and that it occupies such a part of one's life, it has to be made as legitimate as possible. A society based on the continuance of the division of labor is unjust. Even if the state puts in the hands of each individual enough capital to not be forced to take low-paying and low-status jobs it does not fulfill its duties. Rather, the state has to further the reduction of the division of labor and when not possible, the institution of workplace democracy as a solution.

One note to be added at this point is that Rawls also conceives the possibility of liberal socialism as another form of political-economic organization which would be compatible with

the principles of justice. However, Rawls does not say much about this. A few comments allow one to imagine that a liberal socialist regime would have some features in common with a POD. It would also use the market as the main vehicle for allocating investment resources. The main difference seems to be that in a POD regime there would be a mix of private and worker controlled firms while in liberal socialism only the latter would be allowed. Moreover, there seems to be more democratic control over market aspects in liberal socialism.

*It is perfectly consistent for a socialist regime to establish an interest rate to allocate resources among investment projects and to compute rental charges for the use of capital and scarce natural assets such as land and forests<sup>360</sup>*

*But it is clear that, in theory anyway, a liberal socialist regime can also answer to the two principles of justice. We have only to suppose that the means of production are publicly owned and that firms are managed by workers' councils say, or by agents appointed by them. Collective decisions made democratically under the constitution determine the general features of the economy, such as the rate of saving and the proportion of society's production devoted to essential public goods. Given the resulting economic environment, firms regulated by market forces conduct themselves much as before.<sup>361</sup>*

*While under socialism the means of production are owned by society, we suppose that, in the same way that political power is shared among a number of democratic parties, economic power is dispersed among firms, as when, for example, a firm's direction and management is elected by, if not directly in the hands of, its own workforce. In contrast with a state socialist command economy, firms under liberal socialism carry on their activities within a system of free and workably competitive markets. Free choice of occupation is also assured.<sup>362</sup>*

Accepting the self-realization at work objection, Rawlsians might offer liberal socialism as a solution. They could argue that POD is a compromise with the culture of some societies, but that the true answer to the Marxian criticisms is only liberal socialism. At least the self-realization at work objection would probably be well accounted for under this form of regime.

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<sup>360</sup> Rawls, *A Theory of Justice*, 241

<sup>361</sup> Rawls, *A Theory of Justice*, 248

<sup>362</sup> Rawls, *Justice as Fairness*, 140



#### 4.4.5. *The market objection*

The final objection to the Rawlsian framework of a POD regime is not one which Rawls addresses in his replies to Marx. However, there is a clear difference between the two authors on the role of the markets, as outlined above. A democratic socialist regime could criticize a POD because it lets a significant part of decisions to be made by the market. Maintaining the market stops people from having control over what is rightfully theirs. Further, a society based on the market embodies values of competition and assertiveness, as opposed to cooperation and democratic control, a Marxian criticism can go (Rawls takes notice of this criticism when he says that some socialists see all market institutions as “degrading”)<sup>363</sup>.

A Rawlsian reply would point to the market’s value for economic efficiency and for choice. Firstly, setting up the proper signals, a market allows for investment decisions to be made according to profitability concerns. No other system of information sharing has ever proven as effective as the market, the Rawlsians would say. Secondly, a market allows people a free choice of their occupation. Individuals with different life-plans can choose different professions. Furnished with the human and productive capital which a POD would put in their hands, each person would have many more opportunities to select among different occupations. Finally, Rawlsians would also argue that since their conception is not one about the justice of outcomes (remuneration according to labor spent) but about trying to find the fair procedure, the objection about control and values embodied is moot. The POD shows reciprocity at the level of making the market procedure fair (by each entering the market on an equal footing) rather than at the level of outcomes. Further, since self-ownership or any similar principle is not part of the Rawlsian architecture, the issues about control does not arise. Remuneration according to what

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<sup>363</sup> Rawls, *A Theory of Justice*, 241

each can get in a fair market (which is consistent with Fair Equality of Opportunity and the Difference Principle) is all that one is entitled to.

Moreover, Rawlsians could also argue that the objection against the still-persisting role of market is met by liberal socialism. This type of regime subordinates to democratic decisions some of the key aspects which would be left to the market (the growth rate) or to legislators (the amount of societal resources to be spent for public goods and their allocation) in a property-owning democracy. Thus, it seems to answer both the democratic objection and the market objection at the same time (in addition to the self-realization at work objection mentioned above). However, some differences in the role of the market between the Rawlsian liberal socialism and the Marxian democratic one seem to remain. The latter might regulate compensation schemes and tie the remuneration of managers to that of workers. The difference principle which would apply to the former would not advise such a scheme, but would allow workers and managers in a collective firm to share the results of their common production as they would see fit. Secondly, in a democratic socialism, investment decisions might be made at the central level by the democratic assembly. Of course, liberal socialism could set the framework for this (decide on interest rates for state-lent resources), but the democratic form of socialism might do even more.

Thus, the market objection posed against the Rawlsian framework has ambiguous results. Rawlsians can offer replies to the claims that market institutions do not embody the proper values and that it takes away the control over what rightfully belongs to the producers. Further, while property-owning democracy might allow for a more extensive role of the market, liberal socialism does not. The market framework is established democratically (even if differently from a Marxian society) and the ideas of cooperation and reciprocity are embodied at this level.

Rawlsians can also reply that ideas such as assertiveness and domination have no place here because competition between firms is carried out in a system of fair rules adopted cooperatively. Further, Rawlsians could even counterattack to say that competition among firms is part and parcel of even a democratic socialist regime.

#### ***4.5. Conclusion***

This chapter offered an answer to the question originally posed by this thesis. It first proposed a comparison between a democratic socialist society and a property owning democracy. Then, it constructed the objections which Marxism can bring to both the property owning democracy and to Rawls' other alternative for just institutions, liberal socialism. Five of these objections were analyzed and the possible Rawlsian replies assessed.

When taking into account both property-owning democracy and liberal socialism, only one major objection seems to survive. This is the related to the persistence of a group of professional legislators and judges who will form a new "state class". The presence of long-term mandates and judicial review in a Rawlsian society would ensure this. A Marxian society would do its best to approximate direct democracy with imperative mandates as much as possible and would try to equalize the influence each individual has on particular political decisions.

However, despite having a very different basis for his political philosophy, Rawls succeeds in rebutting most of the criticisms which Marx brought to liberalism. Of course, Marx's works have to be interpreted rationally and their more utopian aspects discarded. Further, the theory of ideology has to be given a non-relativistic reading, as opposed to that in some parts of the literature. When all this is completed, Marx has certain things to say to liberalism and not just to its nineteenth century embodiment. The focus on negative rights and a constitution, the role of

the market and the values it embodies, the poverty and inequality which this generates and the alienation from one's labor remain crucial criticisms which socialism can pose to liberalism.

Yet, the Rawlsian opus shows that all these aspects can be tackled within a liberal framework. Basic rights and liberties are necessary everywhere and judicial review is a good way to protect them. The market can be made fair or even brought under democratic control in liberal socialism. This brings it closer to embodying values of cooperation and reciprocity rather than competition and assertiveness. Enough productive and human capital can be redistributed so that no one falls prey to wage slavery and each can have a fulfilling private life. Non-alienating labor and workplace democracy are a strong possibility in a property-owning democracy and a requirement in liberal socialism. That the state should actively promote these values is not a sufficient criticism to say that liberal neutrality somehow falls afoul of other values. The division of labor is not abolished completely in either a Property-owning democracy or a liberal socialist regime, but more significant steps are taken in the latter to reduce its effects. Thus, the Rawlsian work offers a strong reply to socialist criticisms of liberalism.

## Conclusion

The project has explored the ambiguous relationship between socialism and liberalism in their modern incarnations. It has argued that modern liberalism, furnished with the economic institutions of a property-owning democracy can largely rebut socialist criticism brought against it. It can offer adequate replies to criticism concerning negative rights, political rights, market mechanisms and even the importance of work. While some of the solutions offered by the liberal tradition are indeed different (sometimes better) it is obvious that “high” liberalism and socialism are concerned with the same problems. Constructing an economy to be productive but at the same time distribute outcomes according to some meaningful theory of justice and creating the conditions for human beings to develop into their full potential are the core questions faced by both these philosophical traditions.

In the first two chapters, the thesis has elaborated a Marxian theory of justice centered on the concept of limited self-ownership. It has unpacked the Marxist texts to derive normative premises and to develop out of them principles for a coherent theory of justice. The first chapter of the thesis was concerned with establishing the claim that Marx can be read as a normative theorist and not just a critic of morality and justice. Several positions, along a continuum, were explored and an argument for the “Marx-as-a-moral-realist” camp has been offered. However, the ambiguities of this were also analyzed and a new attempt of conceptualizing the relationship between Marx and justice has been provided. One of the greatest challenges of this work has been the disparate character of Marx’s remarks on justice and normative questions. While *The German Ideology* represents the main coherent text which Marx has about justice and morality, other remarks had to be extracted from separate texts and analyzed in relation to both the text they were taken from and to other works.

The second chapter gave an outline of the central thesis of the Marxian theory of justice defended in this project. It conceptualized a form of limited self-ownership, ranging over work but not talents and limited by the claims others equally have on natural resources. This way, an attempt was made to reconcile the Marxist theory of exploitation with the theory of original accumulation and of deserved compensation. At the same time, Marx's comments on communism and the "To each according to need" principle have been discussed. The project preferred to privilege the theory of exploitation and the premise of self-ownership derived from it over the needs principle, understood as a principle of distribution. It has been argued that, on a rational reconstruction, self-ownership (understood as a moral not a legal category) is at least as coherent with the Marxian primary texts as others. Especially, Paul Warren's luck egalitarian Marx has been rejected, even though it led sometimes to similar conclusions. Additionally, a "reasonable need" principle of distribution has been rejected. It has been argued that Marx formulates this principle to be implemented in a society of full abundance and that a "reasonable" interpretation is impossible to offer. Finally, it has been argued that a form of democratic socialism represents the best instantiation of this theory of justice.

The third chapter has explored the ideal of property-owning democracy, including its normative grounding and institutional features. It has shown that a POD is a mixed regime, where capitalist firms compete with cooperative ones and where productive capital is distributed more equally, education and health are provided freely and the state breaks up large concentrations of capital. The chapter also argued that the argument for POD is grounded by all of Rawls' principles of justice and that it is significantly different from a socialist regime. The chapter also rejected the claim that a POD requires significant guarantees for meaningful work or democratic corporatist arrangements. This has been argued utilizing resources from Rawls'

theory of neutrality. Further, the chapter has distinguished POD from universal basic income and universal basic capital. It has also claimed that due to the constant redistribution in a POD, limits on the transferability of state grants can be morally justified.

The fourth chapter has explored the comparison and contrast between these two institutional and political ideals and has built five objections to be derived from socialism to liberalism. It has shown that most of them can be answered meaningfully and that liberalism, in its “high” version can survive the socialist critique. Especially the negative rights and the self-realization in private activities objection have been shown to founder radically in front of the liberal defense. The self-realization at work and the market objections have been met with ambiguous results but the POD or liberal socialism are strong adaptable enough to rebut them. Only the political rights objection has been argued to succeed and to ground a strong argument for more direct as opposed to representative democracy.

The thesis aimed for a re-vitalization of socialism as a coherent political and philosophical doctrine. However, within the space of the research, the same difficulties which previous interpreters of Marx faced have re-surfaced. The ambiguous nature of Marx’s works, his self-contradictions, as well as the seemingly radical changes from one period of his life to another (from the theory of alienation to that of exploitation) have all been challenges. Constructing a theory of justice by analyzing a huge amount of material, which is many times incoherent, has baffled many authors in the literature. However, the conclusion to be drawn out of this research is not that Marx should be abandoned and normative philosophers of a socialist bent should embrace liberal egalitarianism (as G.A. Cohen has done) in its Rawlsian form. Rather than the question being “What did Marx want to say?”, it should be reformulated into “What does Marx have to offer for a current philosophical project?”. This thesis has argued that the project Marx

has most to offer to is left-libertarianism. Alternatively, luck egalitarianism can also claim its inspiration from Marx.

Yet, when seriously engaging the works of Marx, one has to keep in mind the fact that his preferred institution, communism, borders on the mystical. A society of full abundance and a radical transformation of human nature seem to be, both, the premises for the realization of communism. Thus, the interpreter is left to consider the feasibility constraint in the process of theory construction. Therefore, as also mentioned in the introduction, principles of justice have to be derived from Marx's wide opus without focusing too much on his theory of communism. Alternatively, other arguments have to be employed, such as Marx's analysis and condemnation of capitalism, the labor theory of value and the theory of the three types of profit. The main mistake to be avoided is to have Marx's communism as a lynchpin of the whole normative theory. Thus, the left-libertarian Marx which this work presents focuses relatively little on the theory of communism. It argues a radically democratic federation of producers best embodies the left-libertarian principles defended.

Finally, another goal which this project aimed for was to reject attempted confluences of liberal and socialist theories of justice. Both at the level of normative foundations ( Reiman) and at those of institutional proposals ( Hsieh), it has been argued that there is something distinct in liberalism, which separates it from a proper socialist reading. The theory of neutrality present in Rawls stops a potentially perfectionist state from pursuing policies privileging work over other forms of good. While liberalism offers the space for meaningful work, it does not treat work as a crucial human good to be furthered. Even more, liberalism begins its analysis from protecting human freedom and integrating it with other human goods. Socialism grounds itself in a theory of self-realization in the collectivity. This allows the rejection of attempted confluences. Thus, the



thesis has argued that socialism and liberalism are competing political theories of justice and that they can be contrasted and adjudication between them made.

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