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## MARXISM, MARKETS, AND THE 'SANCTITY' OF SOCIALIST PROPERTY RELATIONS

Rodney G. Peffer

### I

Recent developments in Eastern Europe and the Soviet Union have led many to proclaim the demise of "communism" and/or "Marxism." If this claim is taken to refer only to communism in the sense of post-capitalist societies having command economies and run in an authoritarian fashion by one (Communist) party, it is almost undoubtedly true. But oftentimes the claim being made seems somewhat more ambitious. In its more ambitious form the claim seems to be that capitalism as a socioeconomic system has clearly won the day over any form of post-capitalist society and, perhaps, that liberalism—or some other political philosophy clearly defending capitalism—has won the day over Marxism (and any other political philosophy committed to the creation of some form or other of post-capitalist society). This version of the claim, it seems to me, is much more problematic than the simpler claim that post-capitalist societies based on command economies and authoritarian one-party rule are no longer viable socioeconomic formations.

A basic assumption being made by those proclaiming the complete victory of capitalism and the demise of Marxism would seem to be that the introduction of economic markets and the privatization of certain parts of the economies of the societies in question means that these societies are returning to capitalism. But this assumption, I submit, is itself problematic on both empirical and definitional grounds. The empirical issue is to what extent these various societies will actually institute markets and the private ownership of productive property. The definitional issue is to what extent these measures can be instituted before an economy becomes a capitalist economy. (Notice that I have not used the nature of the government a society has—particularly how democratic it is or how well it protects civil liberties—as a definitional characteristic of whether a society is capitalist or post-capitalist [or, in a broad sense, socialist]. But surely this view is common to both Marxist and non-Marxists. It is recognized by all, I believe, that the governments of capitalist societies have run the gamut from extremely democratic to extremely authoritarian, even totalitarian. And just as we distinguish capitalist societies by the property relations they embody and not according to their political institutions, so we should also distinguish post-capitalist societies. Thus, it is at least conceptually possible for post-capitalist societies to have an extremely democratic form of government. Whether this is empirically, historically possible is, of course, one of the most important questions of the day.)

Let us briefly consider the empirical issue. Although it is not normally the job of a moral and social philosopher to pronounce on empirical issues—especially on current historical events still in a state of flux—I feel compelled to point out that it is far from certain that all of the economies in question are inevitably being transformed into capitalist economies. Here we should keep in mind that the transformation of such economies to capitalism is not merely a matter of markets replacing the command system as the main means of making economic decisions; it also requires the privatization of productive property. Nevertheless, the economy of East Germany does seem in the process of being swallowed up by the much more powerful West German economy and, consequently, of being transformed into a capitalist economy and many analysts predict more or less rapid transformations in both Poland and Hungary. There is some

evidence, however, that complete transformations of these latter two economies as well as other post-capitalist economies may be more difficult and less likely than these analysts suspect. What I have in mind here is the demands of some of the governments in question and some working class organizations (particularly, trade unions) that (1) at least 50% of the stock of major economic enterprises be publicly owned or at least 50% of the decision-making power involved in governing such economic enterprises remain in public hands and (2) the traditional guarantees of a job, free comprehensive health care, subsidized rent, etc., be maintained.

This leads us to the second (definitional) issue. While many people—especially among the general public—seem to assume that “market economy” and “capitalist economy” are virtually synonymous expressions, a moment’s reflection shows this not to be the case. After all, a market socialist economy—i.e., an economy in which economic decisions are primarily made by the market but in which productive property is primarily socially owned—has existed in Yugoslavia since the early 1950s. So, unless one is willing to deny the modal maxim that the actual is the possible, it must be admitted that market socialist economies are possible and, therefore, that market economies and capitalism are not coextensive. And this means that even if the societies in question completely abandon their command economies in favor of market economies, this will not settle the question of whether they are capitalist or socialist economies. One might, of course, hold the position that the introduction of a market economy must inevitably (or with some degree of probability) lead to the private ownership of large-scale productive property and, thus, to capitalism; but this is a distinct thesis and one which, itself, is open to debate.

The more interesting and important question is to what extent productive property must be socially owned in order for an economy to be classified as socialist or, conversely, to what extent productive property must be privately owned in order for a society to be capitalist. To this, I think, a precise answer is probably not possible. While the case is clear at either end of the spectrum there may be a fairly large grey area in the middle. But here it should be noted that in classifying societies according to the ownership of productive property we are speaking only of large-scale productive property and not of any and all forms of productive property. In particular, we are not speaking of small-scale productive property owned by artisans, small shopkeepers, family farmers, or other members of the petty bourgeoisie. Although Marx and most other Marxists seemed to have thought that the petty bourgeoisie would more or less rapidly whither away in the face of large-scale productive enterprises, they didn’t take the socialization of small-scale productive property to be a necessary condition for socialism (i.e., what Marx referred to as the first stage of communism). Some of them—e.g., Trotsky—even called for measures by a socialist society to insure fair conditions for family farmers and other sections of the petty bourgeoisie.<sup>1</sup> And some contemporary Marxists have even advocated socialist economic systems which would make room for the private ownership of medium sized economic enterprises. John Roemer, for example, has recently advocated a market socialist economy in which people would be free to start up economic enterprises and continue to own them—and profit from them—until they reached a certain size (e.g., \$20 million in annual sales of goods and/or services) at which time the public sector would buy the enterprise at fair market value. He even suggests mechanisms by which already established economic enterprises or the government could provide venture capital for the initiation of such new economic enterprises. Roemer argues that these measures would insure the sort of innovations and risk-taking activities that a healthy economy needs and which

command economies so sorely lack, while at the same time insuring the socialist nature of the economy.<sup>2</sup>

But where, then, does one draw the line in terms of how much of an economy’s large-scale productive property can be privately owned before it ceases to be a socialist economy? Certainly it would be absurd to say that an economy in which 50,001% of large-scale productive property is privately owned is a capitalist economy while an economy in which 50,001% of large-scale productive property is socially owned is a socialist economy. If one chose to stipulate this as a definition it seems clear that one would have concocted a distinction without a difference. To be committed to changing one’s description of an economy every time .001% of large-scale productive property was transferred from private to public ownership (or vice-versa) surely proves this point. (I shall have more to say about this last section of this essay.)

At this point, however, I would like to say that I take the genuinely Marxist perspective on the recent historical developments of which we are speaking to be one which wholeheartedly approves of the movement toward freedom and democracy in these societies but which insists that a complete reversion to capitalism ought to be avoided; i.e., which insists that socialist property relations ought to be maintained. I propose that in this sense—although not in a dogmatic a priori sense—the sanctity of socialist property relations ought to be maintained.

But two questions arise at this point. The first is: why should anyone—Marxist or non-Marxist—be opposed to capitalism and in favor of some form of post-capitalist society, for example, a democratic, self-managing form of socialism? That is: on what moral grounds and on what empirical assumptions would the position favoring the maintenance of socialist property relations still appear to be reasonable? In section III I shall attempt to show that anyone who accepts an even moderately egalitarian theory of social justice will accept the Marxist’s basic normative political positions if she or he also accepts even a minimal set of Marxist empirical assumptions. The second question—which I shall take up in section IV—is: how can anyone who still wishes to refer to himself or herself as a Marxist be in favor of market economies—even purportedly socialist market economies—in light of Marx’s uncompromising attack on market institutions. However, since the answers to these questions depend in part on how one defines “Marxist” I shall first attempt to come to terms with this issue.

## II

If anything has become clear about the term “Marxist” in this century—especially, in the past several decades—it is that the term has been used to cover individuals having quite a wide range of philosophical, empirical, and evaluative views. In terms of philosophical perspectives we have seen Marxists who are orthodox proponents of dialectical materialism, Hegelian Marxists, Freudian Marxists, phenomenological Marxists, existentialist Marxists, structuralist Marxists, and—most recently—analytical Marxists. With respect to their empirical views one can find differences among Marxists on most of the important empirical views usually associated with Marxism, including Marx’s teleological view of history, the theory of historical materialism, the historical possibility of Marx’s vision of full-fledged communism, the labor theory of value, and Marx’s theory of the falling rate of profit in capitalism. And when it comes to the evaluative (and, more specifically, moral) theories or views that Marxists have either attributed to Marx or put forward as the (correct) Marxist moral theory (or, at least, as a moral theory that Marxists ought to accept) one finds versions of utilitarian-

ism, Kantianism, self-realizationist theories, Aristotelianism, consequentialist theories which take freedom as the good to be maximized, and mixed deontological theories of social justice and/or human rights. Finally, in terms of political perspectives we have proponents of First International Marxism (e.g., the Socialist Labor Party in the United States which is based on Daniel DeLeon's late 19th-century interpretation of Marxism), Marxism-Leninism, Trotskyism, Stalinism, Maoism, Castroism, and (possibly) something-we-know-not-what in the case of the Khymmer Rouge in Kampuchea.

Although I think that a good case could be made against the Khymmer Rouge being genuinely Marxist, I basically want to propose a very ecumenical approach to defining a Marxist. A first approximation of this would be that anyone who thinks of herself or himself as a Marxist qualifies as a Marxist. A somewhat more specific characterization is the one I offer on the very first page of my work *Marxism, Morality, and Social Justice* where I characterize a Marxist moral and social theory as one that

(1) is informed by the spirit of Marx's radical humanism and egalitarianism; (2) is based on the empirical theses centrally important to the Marxist political perspective (particularly Marx's theory of classes and class struggle and his analysis of capitalism); and (3)...attempts to defend the Marxist's basic normative political positions. The first of these positions is that socialism—i.e. democratic, self-managing socialism—is morally preferable to any form of capitalism as well as to any other form of society possible under the conditions of moderate scarcity and moderate egoism. The second is that social and/or political revolution, if necessary (and sufficient) to effect the appropriate transformations, is *prima facie* morally justified.<sup>3</sup>

While I would hesitate to claim that the acceptance of these views constitutes both a necessary and sufficient condition for someone being a Marxist (since I think J. L. Austin's warning against attempting to give necessary and sufficient conditions for anything is a good one), I do think that they come as close to this as one can expect. The first condition—which is, admittedly, a rather vague evaluative requirement—at least serves the purpose of distinguishing Marxists from those who might accept much of Marxist empirical theory as true but who have no sympathy for Marx's humanism and egalitarianism. This group might include such disparate persons as members of a capitalist ruling class or power elite who accept Marxist empirical theory but who have anti-humanist and/or inegalitarian sentiments as well as fanatical, self-proclaimed Marxists—such as those of the Khymmer Rouge—who apparently have little or no respect for humanistic values even if they purport to be extremely egalitarian.

The second condition serves to distinguish Marxists from almost all other political tendencies, including other socialist tendencies. In particular, the condition that one must accept Marx's theory of classes and class struggle and his analysis of the dysfunctions of capitalist society as being basically correct—although not necessarily correct in all details—distinguishes Marxists from social democrats and various utopian socialists. Moreover, depending on which Marxist theories one wants to include under these headings, this condition may also serve to distinguish Marxists from the revolutionary socialists of the left-wing anarchist tradition. (Here I have in mind anarchist theorists in the tradition that runs from Mikhail Bakunin to Daniel Guerin and Noam Chomsky.) Certainly this would be the case if one includes in this set of Marxist empirical theories the thesis that a democratic-centralist (i.e., Leninist) party is essential for a successful transformation to socialism or that a state—even an

extremely democratic state—is absolutely necessary for an indefinite period of time after the elimination of capitalism and establishment of a post-capitalist society.

But it is the third condition—that one accepts and seeks to realize the Marxist's basic normative political positions—that seems to me to be the most definitive condition for determining who is or is not a Marxist. In fact, the first two conditions can be seen as a set of evaluative commitments and empirical beliefs without which one would not accept these normative political positions and with which one could hardly avoid accepting them.

But here it should be noted that the way I have rendered these basic normative political positions might already be taken to be excessively revisionistic by ultra-orthodox Marxists. In the first place, the very suggestion that Marxists can or should be committed to moral values, principles, or views might be taken as heretical. Although I think the claim that Marxism and morality are incompatible is totally unjustified and is the result of wrong-headed metaethical views which can be found in the writings of Marx and many—perhaps most—later Marxists, I shall not attempt to prove this here. Those interested in my critique of the various and sundry arguments which have been advanced to show that Marxism is incompatible with morality in general—and with theories of social justice and human rights in particular—can find them in Part II of *Marxism, Morality, and Social Justice* as well as in the first chapter of Part III.

Another aspect of my rendition of the Marxist's basic normative political positions with which ultra-orthodox Marxists may find fault is that I no where mention communism but, rather, only mention socialism: and democratic, self-managing socialism at that. My answer to this, in short, is that I do not mention communism because communism—as defined by Marx—is a utopian impossibility, and that I characterize the sort of society to which Marxists are committed as a democratic and self-managing form of socialism because this is consonant with the evaluative commitments of Marxism and, arguably, comes close to what Marx had in mind by what he called the "first stage of communism." But these comments call out for clarification. In particular, they call out for definitions of the terms "communism" and "socialism."

By "communism" I mean what Marx had in mind by the higher stage of communism, i.e., a stateless, coercionless society based on the social ownership of productive property. It presupposes material abundance (as opposed to moderate scarcity) and the spontaneous and willing cooperation of the new, "fully socialized" or "fully humanized" persons who apparently are able to reach a consensus on all social and economic questions. I take it that this sort of society is clearly utopian. It seems rather obvious that Marx had an overly optimistic view of human nature and its plasticity. Marx and Marxists have also generally underestimated the problem of material scarcity. This is most obviously the case with respect to Marx's projections concerning the creation of material abundance once capitalism had been eliminated and a planned socialist economy instituted. (To understate the case rather severely, I take it that the recent near collapse of socialist command economies in Eastern Europe and the Soviet Union has at least shown that the elimination of the market and the institution of a planned economy is not a sufficient condition for the creation of material abundance, as Marx seems to have thought.) Somewhat less obviously, so long as choices must be made which require utilizing some natural and/or social resources rather than others in pursuit of some ends rather than others the problem of scarcity—and its associated public goods problems—will continue to exist. And this will be the case no matter how many goods and services a society can produce. This

is because even people's time and cooperative activity are scarce resources in the required sense.<sup>4</sup>

"Socialism," as I am using the term, is what Marx had in mind when he spoke of the first stage of communism. This sort of society is characterized by the socialization of productive property, the elimination of profit as the basic motive of production, and by the fact that the working class and its allies (i.e., other oppressed and exploited classes) have been raised to the position of the ruling class (or classes). It is, however, still characterized by moderate scarcity, the incomplete socialization (or humanization) of the individual and, thus, by the continuing existence of the state—albeit perhaps a democratic state—whose function is to adjudicate between conflicting claims put forward by individuals (or groups) and to coordinate the pursuit of the general welfare.

But both ultra-orthodox Marxists and many opponents of Marxism will still insist that I am making Marx out to be much more of a liberal democrat and defender of civil liberties than he was and that Marxists—or at least those Marxists who also pay heed to Lenin—must be committed to the "class dictatorship of the proletariat" and even authoritarian one-party rule. As to the charge that Marx had no respect for democracy and freedom (in the sense of civil liberties) I shall simply cite Marx's defense of democracy in *The Civil War in France* and his commendation of civil liberties in *The Eighteenth Brumaire of Louis Bonaparte*.<sup>5</sup> As to the charge that Marxists must be committed to class dictatorship or authoritarian one-party rule, I shall simply say that the sense in which Marx used the term, "dictatorship of the proletariat" did not imply that the government of such a society was to be dictatorial and, further, that none of the Classical Marxists (including Lenin) thought of repressive measures taken during a revolution or in the course of a civil war as anything more than temporary exigencies which would be done away with once stability had been achieved. (How easily such repressive measures can be gotten rid of, once used, is—of course—an interesting and important issue in its own right.)

But what these definitions do seem to entail is that only socialism—as opposed to communism—is a genuine historical possibility; that it is socialism—not communism—that Marxists (and other socialists) must be committed to creating; and, finally, that—since socialism is characterized by both moderate scarcity and the existence of a state—Marxists must face up to all of the traditional problems of social and political philosophy and, in particular, must utilize theories of social justice and/or human rights to argue for their basic normative political positions.

### III

Having established that the term "Marxist" is highly flexible, it is perhaps rather trivial to claim that a Marxist can be a proponent of market socialism. But why should a Marxist—or anyone else for that matter—advocate market socialism? And if market socialism is preferable to command economy versions of socialism, then where did Marx go wrong in his unqualified rejection of the market?

In the abstract, the answer to the first question is that we should advocate a democratic form or market socialism if and only if (a) such a form of socialism is historically possible and (b) it will be chosen as morally preferable to all other societies possible in this historical epoch. Of course, the same can be said of any other form of society, be it the libertarian's laissez-faire capitalist society with a minimal state; the modern liberal's democratic form of welfare-state capitalism; or the Stalinist's com-

mand-socialist system with one-party authoritarian rule.

So the question becomes: why should we believe that a democratic form of market society is historically possible and that it would be chosen as morally preferable to any other society possible in this historical epoch? As to the first question here, let me say only that I find the notion that such a society could exist under favorable historical circumstances plausible, but I invite those who do not find this even remotely plausible to consider the rest of what I have to say in a hypothetical mode; i.e., on the hypothesis that such a society is historically possible.

Once we have made this assumption, the question becomes: why should we believe that a correct moral and social theory—in particular, a correct theory of social justice—would choose this sort of society? And the answer to this question, in turn, depends on what one takes to be a correct theory of social justice, and on one's empirical views concerning which type of society best meets this theory of social justice. Although I agree for my own modified Rawlsian theory of social justice in part III of *Marxism, Morality, and Social Justice*, I would like to propose that most theories of social justice—indeed, most moral theories in general—will choose a democratic form of market socialism if even a minimal set of Marxist empirical assumptions are accepted.

Although I would like to be able to say that all legitimate moral theories or theories of social justice would agree on which society is best, given a certain set of empirical assumptions, I'm afraid that I'm not quite as confident as John Rawls and James Sterba are in their more recent work that such a practical consensus can be reached.<sup>6</sup> Within the realm of what I shall refer to as "legitimate" moral theories and theories of social justice—a realm from which I wish explicitly to exclude the moral views of fascists and all other committed bigots—it is obvious that libertarian theories such as that espoused by Robert Nozick in *Anarchy, State, and Utopia* will not pick a democratic form of market socialism even given such a set of empirical assumptions. Libertarians like Nozick take the right to property—including productive property—to be a basic right and, thus, one which is indefeasible before any and all other moral considerations (with the possible exception of the right to life negatively interpreted). This, of course, immediately eliminates any kind of socialism as a kind of society which can be judged morally permissible—let alone—morally preferable.

Some may suggest that conservatives would also reject the possibility that such a society could be the best choice, morally speaking, but this seems much less certain to me. Again, this depends on how we define the term in question; but if we were to define the term extensionally with reference to those who perceive themselves as conservatives in the U.S. (and most other countries, I presume) we would find that many of them are not in principle opposed to democratic market socialism even if they—as opposed to modern "liberals"—would prefer somewhat less of a welfare state, less government intervention in the economy, less egalitarian tax structures, and more respect for tradition and "conservative" moral values. Although at election time in the United States one might almost be led to believe that the political differences between conservatives and liberals—or, less strictly, between the Republican and Democratic parties—are the only differences worth considering and are of earth-shaking importance, the truth is that both sides in this dispute are basically satisfied with the present form of Western societies; i.e.—though conservatives may be loathe to use this terminology—both sides essentially support democratic forms of welfare-state capitalism. And once one is committed to the normative political position that it is permissible for the state to provide for various public goods above and beyond law

and order and that it is permissible for the state to raise revenues by means of taxation to accomplish these purposes, then it is perfectly possible that one might end up supporting an extensive welfare-state—even a form of socialism—given certain empirical assumptions. (Perhaps the terminological upshot of this is that most modern conservatives might be more perspicuously—if somewhat ironically—classified as “conservative welfare-state liberals” or, more simply, as “conservative liberals.”)

In any case, I take it that it is even more obvious that modern liberals are not in principle opposed to democratic forms of socialism. The admissions by both John Stuart Mill and John Rawls that their moral theories will choose socialism if certain empirical theses are assumed true seems ample evidence of this.<sup>7</sup> It seems to me, then, that almost all of the major modern political philosophies outside of libertarianism will justify the Marxist's basic normative political positions if even a minimal set of Marxist empirical theses are assumed true. Although I shall not list them here, I offer such a set of Marxist empirical theses in the last chapter of *Marxism, Morality, and Social Justice*. I do not, however, claim that these theses constitute the only set which will choose a democratic form of socialism (on the acceptance of even a moderately egalitarian theory of social justice); nor do I claim that everyone who accepts this set of empirical theses necessarily thinks of herself or himself as a Marxist.

Of course, on slightly different empirical assumptions, most moral theories or theories of social justice (except libertarianism) may find a Swedenized form of democratic welfare-state capitalism morally preferable to any other sort of society historically possible in this epoch. In particular, if one does not think that a democratic form of socialism is historically possible, then even moderately egalitarian theories of social justice may well judge this kind of society the best. In fact, in the last chapter of *Marxism, Morality, and Social Justice* I argue that if one were to choose between Swedenized forms of capitalism and post-capitalist societies as they have existed so far then—at least in the absence of diachronic and international considerations—one should clearly choose a Swedenized form of capitalism because it meets most of the conditions of a just society at least as well as such post-capitalist societies and meets the conditions of instantiating democracy and protecting civil liberties much better.

However, once one takes diachronic and international factors into consideration this choice is not quite so clear. In terms of diachronic factors, for example, if one had reason to believe that over the long run post-capitalist societies could be transformed into democratic forms of socialism and/or that presently democratic welfare-state capitalist societies may well assume more authoritarian forms of government (say, in order to not let the class struggle get out of hand at a certain point in history) then the judgment that one should prefer capitalist to post-capitalist societies would be proportionally weakened. And, in terms of international factors, if one had reason to believe that all capitalist societies—even Swedenized forms of democratic welfare-state capitalism—contribute to the super-exploitation and, thus, to the poverty and misery of the developing nations while post-capitalist societies do not do so, then—again—the decision in favor of capitalism would be weakened. While these empirical claims are—to say the least—debatable, they are claims which Marxists and even some non-Marxists believe to be essentially correct.

But here we should keep in mind that a government's foreign policy and developmental aid programs may be very admirable with respect to the developing nations, while that nation's economy may still be part of a world-wide economic system which brutally exploits the developing world. Thus, even if we were to agree that Sweden's foreign policy and developmental aid programs are admirable in this

respect, it still must be admitted that Swedish capital is part and parcel of international capital and, to this extent, that Sweden exploits the developing world.

Nevertheless, let me make clear that it is my view that if a democratic form of socialism should turn out to be an historical impossibility and all of the major capitalist societies should turn out to be capable of transforming themselves into Swedenized forms of democratic welfare-state capitalism which would not only meet the dictates of social and distributive justice in their own societies but would meet these dictates of justice with respect to the rest of the world—particularly, the developing nations—then such forms of capitalism would undoubtedly be morally preferable to any other sort of society possible in this historical epoch. And if—because of this admission—I were to be charged with having abandoned Marxism in favor of liberalism, I would respond by saying that whatever one calls oneself, one's ultimate commitment in the realm of politics ought to be the creation of a just society (or the most just society possible) and this ought to take precedence over everything else. But I would also say that—fortunately or unfortunately as the case may be—the moral and social theory I argue for in *Marxism, Morality, and Social Justice* could hardly be classified as anything but a Marxist theory since it assumes the truth of a core of Marxist empirical assumptions and seeks to defend the Marxist's basic normative political positions.

But the fact that there is a considerable overlap—perhaps even an identity—between the moral views accepted by Marxists and those accepted by modern liberals and that their differences on basic normative political positions are primarily (if not exclusively) the result of differing empirical assumptions should not be as much a surprise as it apparently is to some people. Marxism—like modern liberalism—is now and has always been committed to (at the least) a moderately egalitarian vision of social justice. But the myth of Marxist immorality (or amorality) and Marxism's emphasis on class perspectives have, in the past, obscured this fact. But as Mikhail Gorbachev put it recently: the “ideology of socialism...[must] come to embrace universal human values again not as something alien from the class point of view but as normal for man.”<sup>8</sup>

#### IV

Finally, I want to briefly consider the question of where Marx went wrong in his complete and unqualified rejection of market institutions. Marx's early critique of the market scored it as an institution which promoted egoistic individualism and which, therefore, prevented the creation of a truly good society in which people could realize their human capacities for community and for free, conscious, creative activity.<sup>9</sup> According to Marx, the market is one of the key sources of alienation in capitalist societies; it is experienced by individuals as an alien power which enslaves them.<sup>10</sup> In the place of egoistical market society Marx recommends a communist society which has eliminated the market and instituted a planned economy. But, as we have already seen, Marx's vision of communism is utopian. A corollary of this, I take it, is that even if Marx's vision of a society of cooperative individuals who all realize their essential human capacities is an attractive vision of the good life for human beings, it cannot be taken as a decisive criterion for judging social and economic institutions.

Secondly, it seems quite clear that Marx had no clear idea how a nonmarket economy regulated by a “common plan” might work. Nor did he realize the possible pernicious effects of instituting such an economy—especially the inefficiencies inherent in a planned nonmarket economy and the dangers of combining economic and

political power in the same hands. In fairness to Marx, however, he did not expect this sort of economy to first be tried in relatively backward, non-industrialized societies. But in retrospect we can clearly see both the inefficiency of trying to make all economic decisions without the aid of markets and the ill effects of the development of privileged bureaucracies to which command economies undoubtedly give impetus.

I believe that most theories of social justice as well as most moral theories in general would take these two facts—that command economies are inefficient (especially when it comes to complicated consumer-oriented economies) and that command economies tend to promote bureaucratization—as weighing heavily against them. Naturally, one would also have to take into consideration the pernicious effects of market economies—even regulated socialist market economies—before making a final choice. But if proponents of market socialism are correct in a number of their empirical assumptions, it may be that market socialist economies can avoid the worst aspects of both command socialist economies and market capitalist economies and, thus, be preferable to either.

But when assessing Marx's critique of the market two further points must be kept in mind. The first is that Marx was critiquing an unregulated market economy, not a regulated market economy. Although welfare-state liberals have made much of this fact and have sometimes even claimed that Keynesian economic theory and practice have made Marx's critique of the market (and, even, of capitalism as a whole) otiose, it is arguable that it is market socialism—rather than welfare-state capitalism—which is in a better position to successfully regulate the market (especially, the business cycle). The main argument here is that social control of investment capital eliminates or at least ameliorates the boom-and-bust cycles of capitalism since it eliminates the phenomenon of the "investment strike" by private owners of capital during economically pessimistic periods. Also, of course, it is arguable that major investment decisions—especially those setting up new industries, power plants, etc.—ought to reflect the public good as well as market forces and, thus, ought to be made socially by democratic means.

The second point is that when Marx attacked the market he was attacking it as a component of what he called the "system of private property," "bourgeois society," or later, simply "capitalism." Other components of this system are the private ownership of large-scale productive property, the labor market (i.e., the fact that labor is a commodity to be bought and sold on the market as any other commodity), and the fact that the economic law of motion which characterizes this form of society is that of the maximization of exchange value (or, more simply, private profit). Marx seems to have thought that these components would always occur together in modern, industrialized societies and did not conceive of the possibility that a society could have one of these characteristics—e.g., economic markets—while lacking the others. But if it is possible to have a regulated market economy while at the same time substituting what Marx called the economic law of motion of the maximization of use value for that of the maximization of exchange value and if these arrangements better meet the requirements of an adequate theory of social justice than either capitalist societies or command economy post-capitalist societies, then we ought to strive for such arrangements. And if, as Marxists assume, it is not possible to tame the predatory nature of capitalism and to produce primarily for human benefit rather than private profit (at both the national and international levels) without socialist property relations—i.e., without preserving at least majority social ownership of most large-scale means of production and distribution—then socialist property relations ought to be maintained

wherever they exist and promoted wherever they don't. Given these sorts of empirical assumptions it is still reasonable to defend the 'sanctity' of socialist property relations, even if it is not possible to support command economies or authoritarian one-party rule as viable or desirable institutions for post-capitalist societies.

#### Notes

<sup>1</sup> Leon Trotsky, *Transitional Program for Socialist Revolution*, Pathfinder Press, NY, 1973, pp. 86-88.

<sup>2</sup> See Ignacio Ortuno-Ortin, John Roemer, and Joaquim Silvestre, "Market Socialism," Working Paper Series No. 355, Department of Economics, University of California, Davis, March 27, 1990.

<sup>3</sup> R. C. Peffer, *Marxism, Morality, and Social Justice*, Princeton University Press, 1990, p. 3.

<sup>4</sup> See Allen E. Buchanan, *Marx and Justice*, Rowman and Littlefield, Totowa, NJ, 1982, pp. 169-170; Jon Elster, *Making Sense of Marx*, Cambridge University Press, 1985, p. 458; and R. C. Peffer, *Marxism, Morality, and Social Justice*, op. cit., pp. 330-331.

<sup>5</sup> See Karl Marx, *The Civil War in France* in Robert Tucker, *The Marx-Engels Reader*, W. W. Norton, NY, 1972, pp. 552-561 and *The Eighteenth Brumaire of Louis Bonaparte*, *Ibid.*, pp. 447 and 468.

<sup>6</sup> See John Rawls, "The Idea of an Overlapping Consensus," *Oxford Journal for Legal Studies*, vol. 7, no. 1, 1987 and James Sterba, *How to Make People Just*, Rowman & Littlefield, Totowa, NJ, 1988.

<sup>7</sup> See J. S. Mill, *Principles of Political Economy*, Augustus M. Kelley, Clifton, NJ, 1909, 1973, pp. 203-217 and 792, and John Rawls, *A Theory of Justice*, Belknap Press, Cambridge, MA, 1971, pp. 265-284.

<sup>8</sup> Mikhail Gorbachev as quoted in "For Delegates, the Key Question is 'Where Did We Go Wrong?'" *Los Angeles Times*, July 11, 1990, p. A8.

<sup>9</sup> The two works in which Marx most prominently presents this view are probably "On the Jewish Question" and *Grundrisse*.

<sup>10</sup> Karl Marx, *The German Ideology* in Robert Tucker, *The Marx-Engels Reader*, op. cit., p. 127.