Illiberal Socialism

Robert S. Taylor

Abstract: Is "liberal socialism" an oxymoron? Not quite, but I will demonstrate here that it is a much more unstable and uncommon hybrid than scholars had previously thought and that almost all liberals should reject socialism, even in its most attractive form. More specifically, I will show that three leading varieties of liberalism—neutralist, plural-perfectionist, and deliberative-democratic—are incompatible with even a moderate form of socialism, viz., associational market socialism. My paper will also cast grave doubt on Rawls's belief that justice as fairness is consistent with liberal socialism.

Keywords: liberalism; socialism; syndicalism; Rawls; neutrality; perfectionism; deliberative democracy

1. Introduction

Reports of socialism's death are premature. G.A. Cohen's posthumously published *Why Not Socialism?* champions it enthusiastically, reminding us that "every market, even a socialist market, is a system of predation" and "intrinsically repugnant" because driven by the motives of "greed and fear."[1] Only a few months before Cohen's valedictory work was released, renowned scholars gathered at Birkbeck, University of London, for a conference entitled "On the Idea of Communism," described by its own organizers as "a meeting of philosophers who will deal with Communism as a philosophical concept, advocating a precise, strong thesis: from Plato onwards, Communism is the only political Idea worthy of a philosopher."[2] The specter of socialism haunts not just the academy, however, but the public at large. For example, there was a surge of interest in socialism in the wake of the 2008 stock-market crash, as measured by Google Trends' search and news-reference volume indices.[3] Although

[1]G.A. Cohen, *Why Not Socialism?* (Princeton: Princeton University Press, 2009), pp. 77-78, 82.

[2]March 13-15, 2009. For attendees, and so on, see http://www.bbk.ac.uk/bih/events/Pastactivities/ideaofcommunism/.

[3]See http://www.google.com/trends for details. Contemporaneous surges for related terms such as "communism," "Karl Marx," "Communist Manifesto," and "Das Kapital"

DOI: 10.5840/soctheorpract201440327

socialism remains state policy in only a handful of countries in the world today, it is an idea that evidently lingers in the minds of academics and nonacademics alike in capitalist liberal democracies.

Socialism's continuing spectral presence in liberal societies raises an important question: is socialism even compatible with liberalism? I will argue in this paper that it is not, at least with respect to several major varieties of liberal theory, including especially the neutralist liberalisms of John Rawls and Ronald Dworkin—despite their claims to the contrary. Liberalism is a broad church, however, and it is possible that some of its varieties might be compatible with socialism, including perhaps John Stuart Mill's plural-perfectionist liberalism or Judith Shklar's minimalist liberalism of fear. Still, even if "liberal socialism" is not quite a chimera, I will demonstrate here that it is a much more unstable and uncommon hybrid than scholars had previously thought and that most liberals should reject socialism, even in its most attractive form.

I will proceed as follows. In section 2, I will argue that neutralist liberals like Rawls and Dworkin, whose theories are formally impartial between egalitarian capitalism and a liberal form of socialism, should instead endorse the former to the exclusion of the latter. In sections 3 and 4, I will reply to two major objections to the argument offered in section 2 that are associated with plural-perfectionist and deliberative-democratic types of liberalism, respectively: viz., that it gives insufficient weight to the development of valuable human capacities and the maintenance of the material, structural, and psychological preconditions of democracy. I will then respond in section 5 to two additional objections that defend socialist pluralism before finishing the paper with a few comments on the purported breadth of my critique.

Before moving on to these tasks, though, I should be clear about how I will use the terms "liberalism" and "socialism" given their frequent abuse, especially in contemporary U.S. politics; moreover, I want to indicate my reasons for focusing on a particular variety of socialism—viz., associational market socialism—in my analysis. Regarding the meaning of liberalism, I will use Rawls's inclusive tripartite definition from *Political Liberalism*:

> [F]irst, a specification of certain basic rights, liberties, and opportunities (of a kind familiar from constitutional democratic regimes); second, an assignment of special [though not necessarily lexical] priority to those rights, liberties, and opportunities, especially with respect to claims of the general good and of perfectionist values, and third, measures

---

suggest that the "socialist" surge was not just an artifact of the 2008 U.S. presidential election, when "socialist" was often used as a term of abuse.

assuring to all citizens adequate all-purpose means to make effective use of their liberties and opportunities.[4]

Rawls indicates here that "these elements can be understood in different ways, so that there are many variant liberalisms," ranging from the social-democratic views of David Miller and Michael Walzer to the egalitarian liberalisms of Rawls and Dworkin to the classical liberalisms of Immanuel Kant, John Stuart Mill, and Friedrich Hayek.[5] As for socialism, I will define it as social ownership (be it *statist* [national, state, or local governments] or *associational* [workers' cooperatives or guilds]) of *all* factors of production excluding labor, that is, land and capital.[6] Notice that there is no necessary connection between socialism so defined and either proletarian dictatorship or central planning; socialism is compatible in principle with both democratic politics and market economics.[7]

Finally, for the purposes of this paper, I want to focus on *associational market socialism*. The case on grounds of efficiency against central planning and in favor of competitive markets in both consumer goods and production factors has been accepted by virtually everyone, including even some Marxists.[8] Hayek's devastating critique of central planning has never been adequately answered, and the catastrophic experiments with it throughout the twentieth century only served to reinforce his claims.[9] Furthermore, both liberal egalitarians and classical liberals have rejected central planning on grounds of liberty (especially freedom of occupation), often with strikingly similar language.[10] Only *market* social-

[4]John Rawls, *Political Liberalism* (New York: Columbia University Press, 1993), p. 6.

[5]To varying degrees, Kant, Mill, and Hayek each endorsed state financing for education and provision for the poor, so they meet the "adequacy" test, at least on a weak understanding of that term. Also, a broad definition means some who regard themselves as social democrats and thus to Rawls's left (e.g., Miller, Walzer) will be called liberals here.

[6]On its necessarily universal quality, see David Miller, *Market, State, and Community: Theoretical Foundations of Market Socialism* (Oxford: Clarendon Press, 1989), pp. 92-93, and "A Vision of Market Socialism: How It Might Work and Its Problems," in Frank Roosevelt and David Belkin (eds.), *Why Market Socialism? Voices from Dissent* (Armonk, N.Y.: M.E. Sharpe, 1994), pp. 247-63, at pp. 255-56. I show in section 5 below that to relax this universality condition, as some might suggest, is just to back our way into (the consequences of) an egalitarian form of capitalism.

[7]On this point, see John Rawls, *A Theory of Justice*, revised ed. (Cambridge, Mass.: Harvard University Press, 1999), pp. 239-42, and John Roemer, *Egalitarian Perspectives: Essays in Philosophical Economics* (Cambridge: Cambridge University Press, 1996), pp. 290-91.

[8]See, for example, Roemer, *Egalitarian Perspectives*, p. 290.

[9]See Friedrich Hayek, *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948), especially chaps. 4, 7-9.

[10]For instance, compare Rawls, *Theory*, pp. 240-42, with Friedrich Hayek, *Law, Legis-*

ism, therefore, stands any chance of being compatible with liberalism. Even within the market-socialist species, however, most liberals have been highly skeptical of the statist subspecies and have identified many problems with it, including, inter alia:

(1) overweening bureaucratic control of the economy, which reduces efficiency and corrupts democratic practices,[11]
(2) its "tyrannical" failure to separate economic and political spheres, which is best achieved by way of state "divestment" from the former (i.e., economic "disestablishment"),[12] and
(3) its tendency to undermine "meaningful industrial democracy," which serves as a "training ground and stimulus for democracy on a wider scale."[13]

Unsurprisingly, then, *associational* market socialism is the main variety of socialism that liberals (e.g., Joshua Cohen, Miller, Rawls, and Walzer) have endorsed in recent decades, which explains why I have chosen to focus on it.[14] Also, if I can show that even so decentralized and participatory a form of socialism is incompatible with a wide swath of liberal theory, then the more centralized or statist forms that some liberals have at times endorsed will surely prove incompatible too.[15]

---

lation, and Liberty, Volume 2: The Mirage of Social Justice (Chicago: University of Chicago Press, 1976), pp. 82-83. Also see Brian Barry, "Does Society Exist? The Case for Socialism," in Preston King (ed.), *Socialism and the Common Good: New Fabian Essays* (London: F. Cass, 1996), pp. 115-44, at p. 130.

[11]Rawls, *Theory*, p. 248, and *Political Liberalism*, p. 328.

[12]Michael Walzer, "Liberalism and the Art of Separation," *Political Theory* 12 (1984): 315-30, p. 322, and *Spheres of Justice: A Defense of Pluralism and Equality* (New York: Basic Books, 1983), esp. pp. 17-28 ("tyranny").

[13]Miller, "A Vision of Market Socialism," pp. 251-52. Even some Marxists (such as Roemer) are sympathetic to the "left-anarchist" critique of statist forms of socialism, which makes the case that "there is no guarantee that the state will follow the best interests of the direct producers" as opposed to a politico-managerial elite, and that worker control (or at least selection of managers) might limit such a threat (Roemer, *Egalitarian Perspectives*, pp. 34, 302, 323; cf. John Roemer and Pranab Bardhan, "On the Workability of Market Socialism," *Journal of Economic Perspectives* 8 (1994): 177-81, esp. pp. 178-79, which emphasizes how their proposal is a way of "sheltering the economy from undue state interference").

[14]For instance, see John Rawls, *Collected Papers*, ed. Samuel Freeman (Cambridge, Mass.: Harvard University Press, 1999), pp. 272, 277 ("associational socialism"), *Theory*, p. 248, and *Justice as Fairness: A Restatement*, ed. Erin Kelly (Cambridge, Mass.: Harvard University Press, 2001), p. 138; Walzer, "Art of Separation," pp. 322-33, and *Spheres*, p. 318 ("decentralized democratic socialism," or "workers' control of companies and factories"); and David Miller, *Market, State, and Community*, p. 10, and "A Vision," pp. 248-49.

[15]The above liberal criticisms of *statist* market socialism assume that state ownership

2. John Rawls, Capitalist Roader

Justice as fairness is officially agnostic between two market-oriented ownership regimes, as either is capable of satisfying Rawls's two principles of justice under the right circumstances: property-owning democracy (POD) and liberal socialism (LS).[16] Dworkin's position is identical: "in either case, [the liberal egalitarian] chooses a mixed economic system—either redistributive capitalism or limited socialism—not in order to compromise the antagonistic ideals of efficiency and equality, but to achieve the best practical realization of the demands of equality itself."[17] I'll focus almost exclusively on Rawls's position below, given its similarity to Dworkin's, its greater specificity, and its canonical status, especially among neutralist liberals.

As just noted, both POD and LS sanction equal liberty, fair equality of opportunity, and "a principle of mutuality, if not … the difference principle"; thus, they also demand participatory politics and a market economy.[18] Where they differ is over ownership of the (nonlabor) factors of production. LS is simply what I above called "associational market socialism": it requires universal worker self-management, be it direct or indirect (via the election of supervisors), and is therefore anti-statist, emphasizing labor's right to control land, capital, and the production process itself.[19] POD, on the other hand, involves widespread private owner-

---

of the means of production implies state management of them. However, it might be possible for the state to retain formal ownership of certain nonlabor resources such as land without managing them: for example, it could offer long-term leases on public land through competitive bidding. If the state were, despite this, to continue de facto management and intervention (e.g., Chinese local-government expropriation for development purposes of rural lands held on long-term leases), then the above liberal criticisms would still apply. If, on the other hand, these "hands-off" policies could be constitutionally entrenched, they might avoid such liberal criticisms—though they would then be substantively if not legally similar to a system of private land ownership with liability to property taxation.

[16]Rawls, *Theory*, pp. 228, 242, and *Justice as Fairness*, pp. 137-38. He contrasts these two with three that are unacceptable from justice's standpoint: laissez-faire capitalism, welfare-state capitalism, and state socialism.

[17]Ronald Dworkin, *A Matter of Principle* (New York: Oxford University Press, 1986), p. 196.

[18]Rawls, *Justice as Fairness*, p. 138. Given these shared principles, they will also share various economic policies: e.g., both systems will promote competition through antitrust efforts and maintain a decent social-minimum income.

[19]Rawls's endorsement of a specifically *associational* market socialism has gone largely unnoticed. In *Theory*, he says that "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 the firms are managed by workers' councils say, or by agents appointed by them" (p. 248). In his later 1975 article "Fairness to Goodness," he is even

ship of land and capital (physical, financial, and human) to "put all citizens in a position to manage their own affairs"; it offers a petit-bourgeois rather than social-democratic vision of economic democratization, one achieved through inheritance taxation, "capitalist" demogrants, and so on.[20] Demogrants could come in the form of small-business awards, seed money for playing the stock market or for buying an annuity to subsidize a low-paying but rewarding career (e.g., topiary gardening), educational vouchers, and so on. Notice that POD permits but does not require worker self-management: workers are free to pool demogrants, for example, and practice voluntary syndicalism, owning and running their own workplaces with or without the assistance of elected managers.[21] However, they may also opt for traditional, hierarchical capitalist employment relations, whether as employers or as employees. Under POD, citizens are empowered not only by competitive markets (for products, services, and production factors, especially labor) but also by demogrants to choose any kind of workplace environments they prefer, whether by creating them, joining them—or leaving them.

These workplace environments will of course operate with varying degrees of productive efficiency, as measured by the cost (in terms of the factor payments, e.g., payroll) of producing a given quantity and quality of output (i.e., products, services, and/or produced factors), which will

---

clearer: he says there that "we are to view the principles of justice as constraints that ... may be realized either by *associational socialism* or property-owning democracy," where the former is earlier defined as an "economy [where] the *workers in the firm* control its capital and means of production" (*Collected Papers*, pp. 272, 277 (emphasis added)). This strong anti-statism is echoed in *Justice as Fairness* when he reminds us that "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" (p. 138). Rawls admittedly could have been clearer about this, but "Fairness to Goodness" unambiguously endorses associational market socialism, and his other works either reinforce this endorsement or are at least consistent with it.

[20]Rawls, *Justice as Fairness*, pp. 139-40, 160-61; cf. Samuel Freeman, *Rawls* (New York: Routledge, 2007), pp. 134-36, 219-20, 226. What I say about "capitalist" demogrants extrapolates from Rawls's text but is consistent with its spirit (e.g., *Justice as Fairness*, p. 139); they differ from the unrestricted demogrants of Bruce Ackerman and Anne Alstott in *The Stakeholder Society* (New Haven: Yale University Press, 1999) because they may only be used to buy land and capital, broadly defined. For more discussion of the institutional implications and justificatory bases of POD, see the "Symposium on Rawls's Idea of Property-Owning Democracy," *Journal of Social Philosophy* 40, no. 3 (Fall 2009): 379-453. Some socialists, like John Roemer in *A Future for Socialism* (Cambridge, Mass.: Harvard University Press, 1994), advocate policies far closer to POD than LS (in his case, equalizing private ownership of corporations).

[21]Rawls, *Justice as Fairness*, p. 178.

itself be a function of not only factor prices (e.g., wage rates) but also managerial practices and production technologies. Some preferences for workplace environments may be quite expensive to satisfy (in terms of lost income, leisure, and opportunities) compared to preferences for more productively efficient alternatives, like hierarchical assembly-line settings. To see this, consider the following three model cases of productively inefficient workplaces:

(1) *"Cooperative" Workplaces*: This is the workplace environment typifying voluntary syndicalism and associational market socialism. As David Miller describes it:

> A co-operative is taken to be a productive unit democratically controlled on a one person-one vote basis by everyone who works in it. Its capital may be owned, individually or collectively, by the members or leased from an outside agency, but in any case carries no rights of control. The profits of the co-operative are shared by the members according to an agreed schedule and constitute their income.[22]

As even its supporters (including Miller and John Stuart Mill) admit, the cooperative workplace is beset by a variety of inefficiencies, all of which result from its fundamental feature: workers owning and running their own workplaces. First, because workers will tend to maximize income per-capita rather than total profits, a cooperative will do less hiring than a capitalist firm and will therefore remain inefficiently small.[23] Second, because cooperative ownership is indivisible, the effective time horizon of the median voter-worker will be short compared to that of a capitalist, leading to chronic underinvestment: why reinvest profits and "deepen capital" when many if not most of the benefits will accrue to a younger generation of workers? Trying to solve this problem by introducing divisibility (e.g., permitting workers to own shares of the cooperative that can be sold at a future date) merely converts the cooperative into a joint-stock company, that is, a capitalist enterprise.[24] Finally, the cooperative ownership structure makes spreading risk more difficult for its member-workers, leading them to make excessively conservative management decisions, for example, resisting innovations in production techniques

[22]Miller, *Market, State, and Community*, p. 83.

[23]Ibid., pp. 84-85, and Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974), p. 251.

[24]Ibid., and Miller, *Market, State, and Community*, pp. 85-90. Miller sums up by noting that "in the longer term the pursuit of income-maximization by co-operators will lead to one of two unintended outcomes: competitive failure through under-investment, or degeneration into a capitalist form of organization" (p. 90).

and technologies.[25] These inefficiencies will place cooperatives at a significant cost disadvantage vis-à-vis traditional capitalist firms.

These theoretical predictions may seem to be in conflict with the real-world performance of some worker-participatory firms (e.g., the Mondragon cooperatives in Spain, employee stock ownership plans [ESOPs] in the U.S., and so on) and economies (e.g., the co-determination system in Germany) that appear to compete effectively with traditional capitalist firms and economies, but they are not. First, all of these examples fall far short of being cooperative firms and economies: Mondragon has a mixture of divisible and indivisible ownership, ESOPs are fully divisible (after vesting) and usually constitute only partial ownership of the firm, and German co-determination involves no ownership by employees and merely minority representation on management boards. Second, even if these firms and economies were entirely cooperative, they might still be able to compete effectively with more traditional ones by paying lower wages, demanding longer hours, and so on, a point I make later in the paper; consequently, competing successfully does not necessarily demonstrate equal productive efficiency. Finally, even if we were to observe fully cooperative firms competing successfully without offering lower wages, and so on, we would have to worry about the issue of worker self-selection: cooperatives may attract more skilled or conscientious workers (given that these qualities are likely correlated with a preference for self-management), in which case they might be able to compete effectively with traditional firms. This would be comparing apples and oranges, however, as the quality of labor would then be higher in the former than the latter, but impartial productive-efficiency comparisons assume equal-quality inputs. The only fair test, then, is at the economic level, in which all workplaces are cooperative and thus high-quality workers cannot self-select. There has been only one large-scale test of this kind, though: Tito's Yugoslavia, whose unique decades-long experiment with associational market socialism featured precisely the under-employment, under-investment, and under-innovation predicted by economic theory.[26]

---

[25]Ibid., pp. 87-88, and John Stuart Mill, *Principles of Political Economy with Chapters on Socialism*, ed. Jonathan Riley (Oxford: Oxford University Press, 1994), pp. 154-55, 418-19. Mill also notes that "the difficulty of persuading a numerous body to make a change in their accustomed mode of working, of which change the trouble is often great, and the risk more obvious to their minds than the advantage, would have a great tendency to keep things in their accustomed track" (p. 419).

[26]For a discussion of these three kinds of inefficiency in the Yugoslav context, see Saul Estrin, "Yugoslavia: The Case of Self-Managing Market Socialism," *Journal of Economic Perspectives* 5 (1991): 187-94, and *Self-Management: Economic Theory and Yugoslav Practice* (Cambridge: Cambridge University Press, 1983). Given the unusual

(2) *"Craft" Workplaces*: This is the workplace setting frequently found in the production of high-quality consumer goods (e.g., traditional *katana* [samurai] swords, Stradivarius violins) and artistic and literary items (e.g., paintings, short stories), inter alia. Producers in these settings conceive, design, fabricate, and often even sell their own products; their training is usually long and arduous, taking years or perhaps decades. This craft environment makes possible an unusual "unity of conception and execution," as James Bernard Murphy puts it:

> All [craft] skill is developed through the dialectic of conception and execution. By learning general principles of a craft, a skilled worker is able to solve problems that arise in its execution; and by solving these particular problems in execution, he deepens his conceptual knowledge of the general principles.[27]

For the creation of the sorts of items listed above, a craft setting may be the most productively efficient—in fact, it may be the only feasible way to construct the item at all, given the available production techniques and technologies. In general, however, other settings (e.g., assembly lines) will be more productively efficient, as craft settings fail to make full use of the division of labor, that is, having workers specialize in particular parts of the production process. The division of labor has at least three cost advantages associated with it: (1) it eliminates "switching costs" between tasks, as workers specialize in one task; (2) it allows workers to be matched to tasks on the basis of natural capacities and tastes, thereby making them more productive and reducing cost per unit output; (3) it moves workers rapidly along their learning curve for their specialty task, as they are not dividing time (and thus learning) across different tasks, again making them more productive and reducing cost per unit output.[28] None of these cost advantages can be sufficiently realized in a craft setting, and thus (with the exceptions noted above) it is less productively efficient than the more common alternatives.

---

features of the Yugoslav experiment (e.g., Tito), further experimentation might be called for, whether by observing voluntary-syndicalist firms under POD or (given self-selection worries) performing truly social-scientific, fully randomized experiments on a sufficiently large scale.

[27]James Bernard Murphy, *The Moral Economy of Labor: Aristotelian Themes in Economic Theory* (New Haven: Yale University Press, 1993), p. 8.

[28]These three advantages were recognized as early as Plato (see his *Republic*, 369e-370d) and are always mentioned in introductory economics textbooks. Murphy thinks (1) can be achieved in craft settings by "batch production" (i.e., a worker doing many iterations of one task, then many iterations of another, and so on), but this reduces rather than eliminates switching costs (*Moral Economy*, pp. 19-20).

(3) *"Amish" Workplaces*: These are the kind of workplaces associated with the Old Order Amish and Stauffer Mennonites, for example, who reject some modern agricultural technologies (e.g., gas-powered trucks and tractors) and operate their farms on too small a scale. Although the Amish and Mennonites impose these restrictions for religious reasons, others may reject modern technologies (be they production-related or not) for nonreligious reasons—for example, primitivists in the Green movement; moreover, such restrictions can take a much more extreme form, including the complete rejection of agriculture in favor of a simple hunter-gatherer lifestyle. All of these types of Ludditism lead to (grossly) productively inefficient "workplaces," to use the term loosely, for the simple reason that more efficient, modern production techniques and technologies are either selectively adopted or rejected in toto.

The cost disadvantages associated with these three workplace types tend to make them uncompetitive in open markets with more efficient workplaces, for example, hierarchical assembly lines. However, they might still be able to compete effectively in such environments by paying lower wages, demanding longer hours, and so on, which would keep labor costs down and allow prices to be set at rates comparable to those of more traditional workplaces.[29] Whether laborers would agree to this, given competitive labor markets and the exit options made available by POD, would hinge upon the strength of labor's tastes for such nontraditional workplaces. Their defenders, of course, would contend that their costs—viz., forgone income (lower wages and benefits), leisure, and/or opportunities (e.g., to shift later on to more remunerative work in efficient workplaces, due to the poor habits, attitudes, and skills acquired in inefficient ones)—are outweighed by their benefits: for example, for cooperative workplaces, working-class autonomy and solidarity; for craft ones, self-realization; for Amish ones, piety and/or simplicity.[30] POD places each of these workplace environments within reach, but for a price: workers must bear the full costs of their expensive tastes for inefficient but fulfilling employment settings.

From a neutralist-liberal perspective, this is fully appropriate, because citizens should be held responsible for their tastes, even expensive ones.[31] State neutrality towards conceptions of the good demands that

[29]Nozick, *Anarchy*, pp. 248-49, 251-52.

[30]See, for example: Miller, *Market, State, and Community*, pp. 9-11, 17-9; Murphy, *Moral Economy*, pp. 225-27; and Jacques Ellul, *The Technological Society*, trans. John Wilkinson (New York: Knopf, 1964).

[31]Some theorists of neutrality oppose Rawls and Dworkin on this matter and argue that citizens should not be held (fully) responsible for expensive tastes, especially when

each citizen adjust the various components of his plan of life so that they are consistent with his just share of social resources, not the other way around. As Rawls puts it:

> Given their capacity to assume responsibility for their ends, we do not view citizens as passive carriers of desires. That capacity is part of the moral power to form, to revise, and rationally to pursue a conception of the good; and it is public knowledge conveyed by the political conception [of justice] that citizens are to be held responsible. It is supposed that they have adjusted their likes and dislikes, whatever they are, over the course of their lives to the income and wealth and station in life they could reasonably expect. It is regarded as unfair that they should now have less in order to spare others from the consequences of their lack of foresight or self-discipline.[32]

Dworkin makes the identical point in his discussion of "Louis," a cultivator of expensive tastes:

> Louis should be free … to make the best sort of life he can with his fair share of social resources. But he should not be free to trespass on the fair shares of others, because that would be unfair to them … Louis does not deserve more resources just because he has chosen a more expensive life.[33]

Consequently, neutralist liberals do not believe that citizens with expensive tastes should receive special allocations of resources (e.g., income, leisure), legal dispensations, and so on; they must instead learn to live within the general means and rules that liberal justice provides impartially for all.

Moreover, this refusal of special treatment applies whether we are dealing with expensive tastes for consumer goods or expensive tastes for workplace environments, be they cooperative, craft, or Amish. There is no considerable moral difference between boutique tastes for plovers' eggs and pre-phylloxera claret and those for micro-scale, low-tech Amish

---

they are unchosen. See, for example, Richard J. Arneson, "Equality and Equal Opportunity for Welfare," *Philosophical Studies* 56 (1989): 77-93, and G.A. Cohen, "On the Currency of Egalitarian Justice," *Ethics* 99 (1989): 906-44. Whether they also qualify as theorists of *liberal* neutrality is doubtful: the Rawls/Dworkin theory is far more consistent with traditional liberal principles of autonomy and personal responsibility, especially for the revision of initially unchosen but unaffordable preferences. It shares this feature with other theories of liberal neutrality, such as Alan Patten's "neutrality of treatment," which finds it unproblematic that "those with expensive tastes … may find it relatively difficult to satisfy their preferences in the market, even if they start from a fair share of initial spending power." See Alan Patten, "Liberal Neutrality: A Reinterpretation and Defense," *Journal of Political Philosophy* 20 (2012): 249-72, p. 260.

[32]Rawls, *Political Liberalism*, p. 186.

[33]Dworkin, "What is Equality? Part I: Equality of Welfare," *Philosophy & Public Affairs* 10 (1981): 185-246, pp. 238-39; cf. Bruce Ackerman, *Social Justice in the Liberal State* (New Haven: Yale University Press, 1981), pp. 356-71.

farming.[34] The tastes for both are equally susceptible to rational revision, and they are both expensive—the former in terms of price, the latter in terms of lost income, leisure, and opportunities—due to conditions of supply: for plovers' eggs and pre-phylloxera claret, the rarity of birds and vintages, respectively; for Amish-style agriculture, the productive inefficiency of farming techniques and technologies that are necessarily used in it. For analogous reasons, cooperative workplaces no more deserve special consideration in the form of subsidies, unusual labor and finance laws, and so on, than craft and Amish workplaces. Each is expensive for reasons of productive inefficiency; the chief difference across them is with respect to the source of the inefficiency: managerial practices for cooperative workplaces (worker self-management) and production techniques and technologies for craft and Amish workplaces (inadequate division of labor and superannuated technologies, respectively). Unless these expensive tastes for workplaces are really "incapacitating" and therefore qualify as "medical or psychiatric" problems (e.g., "red-diaper babies" whose hunger for cooperative labor is clinically pathological), individual citizens must bear full responsibility for them.[35]

One likely objection to the foregoing that I should address now—I will deal with a host of others later—is that I am equating apples and oranges here: to say that there is no considerable moral difference between the taste for luxury items and the "taste" for Amish workplaces is itself morally obtuse, because the former is merely a caprice, a consumerist whim, whereas the latter is invariably tied to a set of deeply held religious or philosophical convictions—and the same could be said for craft and cooperative workplaces. Setting aside the fact that the choice of workplaces is often a matter of caprice, the more important reply is that consumer tastes themselves are often an integral part of a well-developed conception of the good. For example, suppose that I had an aristocratic conception of the good; this might involve not simply an ethic of service (*noblesse oblige*), gallantry, and a commitment to hunting, farming, and other pastoral pursuits, but also an epicurean craving for certain expensive foods—say, plovers' eggs and pre-phylloxera claret. My commit-

[34]The example of plovers' eggs and pre-phylloxera claret is used by Rawls (*Political Liberalism*, p. 185) but is from Kenneth Arrow originally: see "Some Ordinalist-Utilitarian Notes on Rawls's Theory of Justice," *The Journal of Philosophy* 70 (1973): 245-63. Moreover, in regards to the Amish workplace example, I assume that any positive externalities resulting from such practices (e.g., tourist enjoyment of quaint production techniques or lifestyles, more environmentally sensitive farming practices) have been internalized through appropriate subsidies and regulations, so that the choice between an Amish workplace and other kinds is genuinely "private" in nature.

[35]Rawls, *Political Liberalism*, p. 185.

ment to this lifestyle and its material appurtenances might be just as strong and reflective as that of the Amish farmer, Stradivarius maker, or syndicalist worker to theirs. Thus, trying to insulate expensive workplace preferences from neutralist-liberal critique on these grounds would have the (presumably) unacceptable side effect of insulating a principled aristocrat's costly tastes for luxury fare. Neutralist liberals, in any case, should reject both attempts at insulation.

The upshot of my argument so far is that POD can meet all reasonable criteria of liberal neutrality (at least as Rawls understands it) with regard to employment settings: to wit, its market economics and system of taxes and subsidies are not *intentionally* biased against any category of workplace and in fact provide reasonable opportunities by means of competition and "capitalist" demogrants to create, join, or exit any of them.[36] Furthermore, as I argued above, its insistence that workers bear all of the costs of their expensive workplace preferences is not a form of bias but instead a direct requirement of liberal neutrality itself.[37]

---

[36]Rawls distinguishes between two kinds of neutrality: "neutrality of aim" (state policies are neutral so long as they are not *designed* to "favor or promote any particular comprehensive doctrine rather than another") and "neutrality of effect or influence" (state policies are neutral so long as they do not make it "more likely that individuals accept any particular conception rather than another"). He rules out the second kind of neutrality as impossible (on grounds of "commonsense political sociology") but contends that justice as fairness and therefore POD are neutral in the first sense. POD goes beyond such formal neutrality, however, to secure reasonable material opportunities to form, join, and exit workplaces of all kinds. See *Political Liberalism*, pp. 192-94.

[37]David Miller famously rejects this claim in "Market Neutrality and the Failure of Co-Operatives," *British Journal of Political Science* 11 (1981): 309-29. He contends there that because (1) cooperatives systematically underinvest and (2) this underinvestment threatens the existence of a cooperative sector, markets are biased against cooperatives. Even if we accept for the sake of argument that his conclusion follows from (1) and (2), these prior claims cannot be vindicated. First, as he himself acknowledges, (2) fails to hold in numerous economic sectors (e.g., those with labor-intensive methods of production), which presumably explains why we observe cooperatives in capitalist economies. As I have argued, cooperatives in these sectors can simply pay their workers less to make up for their other inherent inefficiencies and still compete effectively. Miller also maintains, however, that there are certain sectors (ones where capital/labor ratios are high, innovation is quick, and so on) where (2) is true. In these, a dynamic of underinvestment will tend to exclude cooperatives from the sector: persistent underinvestment will make them so uncompetitive that no sacrifices in pay will compensate, and they will consequently go bankrupt. As Miller also admits, though, (1) might be finessed if cooperatives would constitutionally commit themselves to fixed reinvestment policies, which could be far more sophisticated than the one he proposes there (e.g., reinvesting a percentage of profits, with the percentage varying according to some predetermined formula that factors in key economic indicators; see p. 322 n. 32.) This would not make up for all the inefficiencies associated with cooperatives—they would still have to pay their workers lower wages to remain competitive—but it might guarantee their survival in such sectors, or at

LS (liberal socialism), by contrast, fails rather spectacularly to meet these same criteria of liberal neutrality. Even if LS's policies were just limited to special subsidies, legal dispensations, and so on, for cooperative workplaces, it would be nonneutral, as we saw above: such workplaces are no more deserving of special consideration than craft and Amish workplaces or, for that matter, the luxurious tastes of principled aristocrats, as liberal neutrality requires that every tub stand on its own bottom, every life plan—no matter how expensive—on its own fair share of resources.[38] But LS goes much further than this, of course, by requiring that *all* workplaces be organized in a cooperative fashion. It is therefore sharply biased by design against all types of noncooperative work settings and explicitly nonneutral in aim. It fails to satisfy even the most basic criterion of liberal neutrality and should consequently be rejected by all neutralist liberals. Notice that this conclusion would hold even if cooperative workplaces were just as productively efficient as noncooperative ones: as I will later argue, LS relies on civic-humanist or Marxist assumptions about the good life that are inconsistent with liberal neutrality; absent these assumptions, there would be no justification for privileging cooperative workplaces in the extreme way that LS does.

As we saw at the beginning of this section, however, two of the most prominent neutralist liberals, Rawls and Dworkin, believe their political theories require them to be agnostic between POD and LS. The reaction of scholars to Rawls's agnosticism, at least, has been either to endorse it, more or less (e.g., Rodney Peffer, Nien-hê Hsieh),[39] or to condemn it and

---

least make it more likely. The upshot of all this is that insofar as (1) or (2) do not hold, Miller's nonneutrality claim fails: cooperatives *can* survive in capitalist environments if their workers are willing and able to bear the costs of their expensive tastes in workplaces —and POD will protect their ability to do so.

[38]To be clear, I am arguing in the realm of ideal theory here. If existing political systems discriminate against some kinds of workplace environments (say, cooperative ones) through their tax and legal systems, some compensating scheme of subsidies and dispensations might be acceptable as a temporary corrective; working out these details is a matter of nonideal theory (specifically, that component related to partial compliance) and well beyond the scope of my paper. Once these corrections had been made, though, my argument above would apply in full. A closely related point is made by Nozick in *Anarchy*, pp. 230-31.

[39]See Rodney Peffer, "Towards a More Adequate Rawlsian Theory of Social Justice," *Pacific Philosophical Quarterly* 75 (1994): 251-71, in which Peffer says that justice as fairness requires "social and economic democracy," but only very weakly (viz., by means of a principle lexically inferior to all the other principles of justice (pp. 262, 265) and in a way that does not require socialism (pp. 260-61)); moreover, he appears to accept Rawls's agnosticism (p. 267). In "Rawlsian Justice and Workplace Republicanism," *Social Theory and Practice* 31 (2005): 115-42, Nien-hê Hsieh states that workers have a "basic right to protection against arbitrary interference" on Rawlsian grounds, but that such a right

argue that justice as fairness demands LS (e.g., David Schweickart, Barry Clark, Herbert Gintis).[40] I have suggested a third way, rejecting Rawls's agnosticism like Schweickart, Clark, and Gintis do but showing that justice as fairness requires POD instead.[41] If my argument is correct, we might best view Rawls's accommodation of socialism as an historical artifact: by staying impartial between the claims of POD and LS, he was simply trying to remain neutral between idealized versions of the principal economic contenders of his time. As I have argued, however, this impartiality entailed a deeper, hidden partiality, viz., a partiality to the kinds of ethical values associated with cooperatives, such as working-class autonomy and solidarity. His stance was a prudent but ultimately unsuccessful theoretical response to a now-vanished world, one where socialism was a live political project in Yugoslavia, the Soviet Bloc, Maoist China, and even the West.

Incidentally, this explains why I half-jokingly referred to Rawls as a "capitalist roader" in the section's title. In Maoist argot, he is a leftist whose theory, while ostensibly open to socialism and thus alluring to some socialists, actually conceals capitalist assumptions and, once these are exposed, yields capitalist conclusions. As I have argued—and as many on the left have always suspected—justice as fairness is a fully bourgeois-liberal theory. Under POD, however, *everyone* is a bourgeois, that is, ownership of substantial capital (be it physical, financial, and/or human) is universal.[42] The only variety of socialism that is acceptable within such a scheme is voluntary syndicalism; no participant can be

---

requires neither workplace democracy nor even the workplace republicanism that he discusses (pp. 115-17, 141).

[40]In "Should Rawls Be a Socialist? A Comparison of His Ideal Capitalism with Worker-Controlled Socialism," *Social Theory and Practice* 5 (1978): 1-27, David Schweickart claims that his model of market socialism is "decidedly superior to Rawls's ideal capitalism, superior in terms of the ethical commitments exhibited in *A Theory of Justice*" and thus presumably required by justice as fairness (p. 1). In "Rawlsian Justice and Economic Systems," *Philosophy & Public Affairs* 7 (1978): 302-25, Barry Clark and Herbert Gintis argue that justice as fairness is inconsistent not just with any form of capitalism but even with markets themselves (p. 317)—a revisionism far exceeding my own.

[41]For a fourth way, which also rejects Rawls's agnosticism but argues that justice as fairness must incorporate a set of robust economic liberties of exchange and ownership into the first principle, see Daniel Shapiro, "Why Rawlsian Liberals Should Support Free-Market Capitalism," *Journal of Political Philosophy* 3 (1995): 58-85, and John Tomasi, *Free Market Fairness* (Princeton: Princeton University Press, 2012).

[42]Cf. Jeremy Waldron's reading of Hegel in *The Right to Private Property* (Oxford: Oxford University Press, 1990), pp. 343-89 (universal individual development requires universal property ownership) as well as Hayek's discussions of "several property" in *The Fatal Conceit: The Errors of Socialism* (Chicago: University of Chicago Press, 1988).

required, or even encouraged by means of subsidies, to join a cooperative workplace.

Before moving on to perfectionist objections, I should comment on a closely related one offered by some interpreters of Rawls, notably, Samuel Freeman. Freeman maintains that justice as fairness views genuine opportunities for self-direction at work not as an expensive taste but rather as a requirement of justice itself: "powers and prerogatives of office" are among the social primary goods regulated by Rawls's second principle of justice, which thus requires "providing all citizens with [fair opportunities] to exercise [them] in the workplace"; indeed, the "need to maintain the self-respect of all citizens" may demand "some degree of worker control."[43] This is not necessarily an argument for socialism, of course, but it does suggest that POD might be consistent with, and even entail, the sorts of subsidies and legal dispensations for cooperative workplaces that I ruled out above.

But POD already provides just such opportunities to "exercise powers and prerogatives in the workplace": by means of competition and "capitalist" demogrants, POD empowers workers to create, join, or exit any kind of workplace they wish, including ones that allow "some degree of worker control." What it does not do is nudge workers via special subsidies into picking the "right" kind of workplace because the "wrong" kind fails to maintain their self-respect. Consider the following parallel case: a purportedly neutralist-liberal government protects freedom of the press and provides citizens with reasonable educational and financial opportunities to participate in print culture; however, it also budgets lavish subsidies for self-improving books (e.g., difficult novels, philosophy texts, and so on), claiming to do so as a requirement of justice ("unimproving books undermine your self-respect"). We would immediately recognize this as a perfectionist policy in the thin guise of a liberal-neutralist one, at least if it were justified in the stated way. Subsidies and legal dispensations for cooperative workplaces are no different; to justify them, we must turn from neutralist liberalisms like justice as fairness to perfectionist ones.

3. Objection 1: Perfection

One objection that might be lodged against the argument of the previous section is that it gives insufficient weight to the development and exercise of valuable human capacities. Liberal neutrality, I argued there,

[43]See Freeman, *Rawls*, pp. 133-36, esp. p. 135.

allows citizens to trade off the developmental opportunities they might enjoy in cooperative and craft workplaces (e.g., for becoming more autonomous, collectively and individually, or more self-realizing) for the sake of the higher income and greater leisure that are available from hierarchical assembly-line workplaces. Moreover, it bars the state from trying to influence choice of workplaces by way of subsidies, dispensations, and so on, for those offering better self-developmental opportunities. This principled agnosticism about the desirability of different work settings, although a clear implication of neutralist liberalism (or so I have argued), does not necessarily follow from other kinds of liberalism, especially those of a perfectionist complexion. Whether we consider the plural perfectionisms of J.S. Mill, Joseph Raz, and William Galston or the capabilities approach of Amartya Sen and Martha Nussbaum, many liberals would deny that the state should be agnostic about the desirability of something that affects opportunities for self-development. Mill, for example, emphasizes that cooperative workplaces transform "each human being's daily occupation into a school of the social sympathies and the practical intelligence" and provide "a course of education in those moral and active qualities by which alone success can be either deserved or attained."[44] Galston, like advocates of craft workplaces such as James Bernard Murphy, fears the debilitating consequences of a minute division of labor and suggests that due to these "developmental considerations … perhaps a system of task assignment that deemphasizes competence in favor of variety is preferable."[45] Do these factors, contrary to the claims of the last section, imply the permissibility and even desirability of socialism within a liberal framework?

Though the case is admittedly not as strong here as it was with neutralist liberalism, I will argue that the very pluralism of perfectionist liberalism militates against socialism. First, there is no reason to think that work environments are the only arenas of self-development. Most people use their leisure and income to support varied non-work-related projects that cultivate their many capacities: e.g., learning to play tennis (physical), reading challenging novels (intellectual), and volunteering as a church counselor (sympathetic). Even consumption activities, such as enjoying fine wines and cheeses, can develop our capacities for discernment, judgment, and pleasure.[46] If this is so, then it might be entirely

[44]Mill, *Principles*, pp. 153, 155.

[45]William A. Galston, *Liberal Purposes: Goods, Virtue, and Diversity in the Liberal State* (Cambridge: Cambridge University Press, 1991), pp. 201-3.

[46]Even Jon Elster believes consumption is a potentially self-actualizing activity: see his "Self-Realization in Work and Politics: The Marxist Conception of the Good Life," *Social Philosophy & Policy* 3, no. 2 (1986): 97-126, pp. 103, 106.

justifiable *on perfectionist grounds* to choose a highly paid but unimproving job that leaves a lot of time and money for non-work-related perfectionist projects; we can all undoubtedly think of people we know who make precisely this trade-off. What basis would a *plural* perfectionist, one who acknowledges and values diversity in forms of the human good and who accepts the need for self-development on each individual's own terms, have for condemning this choice? I readily concede that plural perfectionism, unlike neutralist liberalism, may encourage perfectionist projects wherever they arise by way of subsidies, but this would be as likely to justify subsidies for sports lessons and book clubs as for cooperative workplaces, and it would surely rule out socialism, which requires citizens to cultivate particular capacities (e.g., those for collective self-government) at the expense of others that they may value more and thus preferentially develop under POD. Why, in short, should I be prevented from trading off self-management rights at work for the sake of more money and/or leisure to pursue tennis-playing or novel-reading, say, if I conscientiously judge them to be superior paths to self-development?

James Bernard Murphy has asserted, however, that "not only is work the most prominent activity in the lives of most adults, but at least in our society, most people derive their sense of personal identity and their sense of social status from their work"; furthermore, he contends that "people seem to apply the habits developed at work to their leisure: mindless work tends to lead to mindless leisure whereas challenging work leads to challenging leisure."[47] Although I believe most of these claims are doubtful, let us assume for argument's sake that all are true and liberal perfectionists therefore have reason to prioritize developmental opportunities in the workplace.[48] Such an assumption would still fail to justify socialism, however. Given the scarcity of time, developmental activities *within* the workplace are necessarily in competition with each other, so privileging one kind (e.g., worker self-management as a path to autonomy) requires scaling back others (e.g., cultivating and integrating myriad productive skills to promote self-realization). For example, research-university workplaces often combine cooperative and craft

[47]Murphy, *Moral Economy*, pp. 1, 4-5.

[48]Among the reasons for doubt is the fact that in very religious countries like the U.S., personal religiosity is highly positively correlated with both social self-esteem and psychological adjustment. See Jochen Gebauer, Constantine Sedikides, and Wiebke Neberich, "Religiosity, Social Self-Esteem, and Psychological Adjustment: On the Cross-Cultural Specificity of the Psychological Benefits of Religiosity," *Psychological Science* 23 (2012): 158-60. Thus, it seems likely that many if not most Americans derive their social self-esteem as much from church as from work.

elements, because faculty are partly self-governing and enjoy a strong "unity of conception and execution" in their work, be it research or teaching.[49] The more time that is spent on self-government, however, the less time that remains for the crafts of research and teaching; collective autonomy competes with individual autonomy and self-realization here.[50] Again, for a *plural* perfectionist, these trade-offs among different kinds of self-development must be left to workers to make. Even if perfectionist liberals have reason to treat work and leisure differently, they also have good reason to maintain diversity in workplace types—many different workplaces emphasizing many different kinds and combinations of development—and consequently good reason to avoid associational socialism's rigid demand for universal worker self-management.

4. Objection 2: Democracy

Another objection that might be raised against the argument of section 2 is that it gives inadequate weight to the maintenance of the material, structural, and psychological preconditions of democracy. In particular, deliberative democrats such as Jürgen Habermas and Joshua Cohen have argued that policy "outcomes are democratically legitimate if and only if they could be the object of a free and reasoned agreement among equals" and that such agreement can arise only if complete political and socioeconomic equality among citizens is realized.[51] Cohen has gone even further by maintaining that deliberative democracy not only rejects neutralist-liberal agnosticism about workplaces but also requires what I have termed associational market socialism.[52] Does his argument cast doubt upon the alleged incompatibility of socialism and liberalism, at least in its deliberative-democratic form? Associational market socialism is certainly more closely related to deliberative democracy than to most

[49]Murphy, *Moral Economy*, p. 9.

[50]One might object that without worker self-management, the opportunities for self-realization would necessarily be curtailed, but there is an obvious substitute for voice here: exit. Under POD, competitive markets for labor and "capitalist" demogrants would create real exit options for workers and thus force employers to respond to their workplace preferences, whatever they might be.

[51]Joshua Cohen, "Deliberation and Democratic Legitimacy," in Alan Hamlin and Philip Pettit (eds.), *The Good Polity: Normative Analysis of the State* (Oxford: Basil Blackwell, 1989), pp. 17-34, at p. 22; cf. Jürgen Habermas, *Between Facts and Norms: Contributions to a Discourse Theory of Law and Democracy*, trans. William Rehg (Cambridge, Mass.: MIT Press, 1998), esp. pp. 287-328, 463-90.

[52]Joshua Cohen, "The Economic Basis of Deliberative Democracy," *Social Philosophy & Policy* 6, no. 2 (1989): 25-50.

other types of liberalism, yet the relationship is not nearly as close as Cohen thinks. At most, deliberative democracy is merely compatible with this variety of socialism (as justice as fairness is, at least on Rawls's reading of it); I will contend, however, that deliberative democrats like Cohen, who attempt to avoid controversial claims about the good life ("sectarianism"), should instead support an egalitarian form of capitalism.

Cohen offers four familiar lines of argument against capitalism and in favor of socialism. The first two—which he names the "Structural-Constraints Argument" and "Resource-Constraint Argument"—center on the way that capitalism corrupts the democratic character of politics: the first contends that "private control of investment ... subordinat[es] the decisions and actions of the democratic state to the investment decisions of capitalists" as a class, while the second maintains that "the unequal distribution of wealth and income characteristic of capitalism ... undermin[es] the equal access of citizens to the political arena and their equal capacity to influence outcomes in that arena."[53] As Rawls himself has argued, these are powerful objections to both laissez-faire and welfare-state capitalism, which tolerate considerable economic inequalities (especially in the ownership of capital) as well as a small, politically powerful capitalist class.[54] POD, though, can avoid the force of both arguments, because it operates to "disperse the ownership of wealth and capital, and thus to prevent a small part of society from controlling the economy, and indirectly, political life as well," and also guarantees the "fair value of political liberties" by means of equal access to media, public funding for elections, restrictions on campaign expenditures, and so on.[55]

---

[53]Ibid., pp. 28-29.

[54]Rawls, *Justice as Fairness*, pp. 137-40.

[55]Ibid., pp. 139, 148-50. For a more skeptical view, see Thomas Christiano, "The Uneasy Relationship Between Democracy and Capital," *Social Philosophy & Policy* 27, no. 1 (2010): 195-217. Cohen could respond here that while POD might take investment decisions out of the hands of a small capitalist class, it would still leave those decisions objectionably private, to be made by everyone qua smallholders rather than qua citizens. If he did respond in this way, however, it would reveal residual anti-market thinking in his own version of market socialism, evidence for which is provided by his assertion that "the share of national income to be devoted to investment and the desired pattern of that investment [should be] fixed by public debate and decision" (Cohen, "Economic Basis," p. 40). Why is the level and distribution of investment in an economy any more fit for determination by democratic deliberation than, say, the particular allocation of investment between grape and cherry cultivation? The whole point of replacing central planning with markets is to decentralize these decisions to borrowers and lenders, with coordination provided by means of freely floating prices (in this case, interest rates). Granted, democratic intervention in this sector may be justified when "spillovers" threaten (e.g., overinvestment in polluting industries and speculative bubbles), but this is a far cry from

Thus, an egalitarian form of capitalism remains a candidate economic basis for deliberative democracy.

The last two arguments—what he calls the "Parallel Case Argument" and "Psychological Support Argument"—push hard on an analogy between the democratic state and the associations subordinate to it.[56] Here is Cohen's rendering of the Parallel Case Argument:

> A political society is a cooperative activity, governed by public rules, that is expected to operate for the mutual advantage of its members. Anyone who contributes to such an activity, who has the capacity to assess its rules, and who is subject to them has a right to participate in their determination. But economic organizations are cooperative activities governed by rules, and they are expected to operate for the advantage of each member. Workers in such enterprises contribute to the cooperative activity, have the capacity to assess the rules that regulate it, and are subject to them. So they have a right to determine the regulative rules in their workplaces.[57]

In short, citizens have a legitimate claim of control over the rules of any organization that claims the authority to control *them* for the mutual benefit of its freely cooperating participants. In a nation-state, this right of control can be effectively exercised only by means of voice (protesting, voting, and so on), as exit is too costly. This is simply not true of workplaces, though, at least under the competitive conditions and resourced exit that POD offers. Empowered workers can demand the workplace conditions they desire via open, competitive labor markets (be it by entry, exit, or the creation of new workplaces). Voice—the power to participate in the determination of workplace rules—is unnecessary to provide workers with the control that they deserve over their conditions of employment, though voluntary syndicalism does remain an option under POD. They vote with their feet instead. The Parallel Case Argument fails because there is a basic disanalogy between workplaces and political societies: workers, unlike citizens, can be given control by means of the market rather than the forum.[58] Socialists may retort that this gives

---

the deliberative-democratic central planning of investment apparently envisioned by Cohen.

[56]Ibid., pp. 27, 28-29. Cf. Clark and Gintis, "Rawlsian Justice," pp. 311-12; Mill, *Principles*, pp. 153, 155; and Miller, "A Vision," pp. 248, 251-52. For further discussion of these arguments, see the contributions to the "La démocratie d'entreprise" issue of *Revue de Philosophie Economique*, June 2008 (vol. 9, no. 1).

[57]Cohen, "Economic Basis," p. 27.

[58]Richard Arneson makes essentially the same argument in "Democratic Rights at National and Workplace Levels," in David Copp, Jean Hampton, and John Roemer (eds.), *The Idea of Democracy* (Cambridge: Cambridge University Press, 1993), pp. 118-48, at pp. 138-40. Granted, there is a parallel here, but it results in the opposite conclusion from Cohen's argument. As we descend the hierarchy of political subunits (from nation to province to county to city), the more those subunits resemble firms competing

workers nothing but a choice among different capitalist masters, leaving capitalism's structural oppression intact.[59] Although this may be true for welfare-state capitalism, it is not for POD: given large capitalist demogrants, workers are not beholden to capitalists, whether individually or as a class, because POD turns *all* citizens into capitalists.

Turn now to Cohen's rendering of the Psychological Support Argument:

> Two psychological conditions are of special importance in a well-functioning democracy. The first is what Mill called an "active character"—the sense that social arrangements are malleable and subject to improvement, and that one's own efforts can contribute to their improvement. The second is a sense of the common good—the capacity to judge in terms of the common good, and an effective desire to act on such judgments. The psychological support argument holds that the extension of self-government into the traditionally undemocratic sphere of work contributes to both the formation of an active character and to the development of a sense of the common good, and thus contributes to a more fully democratic state.[60]

It is unclear why POD would perform worse than LS here, at least on average. First, POD would make "social arrangements [more] malleable and subject to improvement," because it would give citizens means (via capitalist demogrants, and so on) to demand different kinds of workplaces via labor markets and, if employers failed to respond, to create their own. This would surely encourage the formation of Millian "active characters" at least as much as LS, maybe more so: the use of one's capitalist demogrant would not be subject to a majority vote, providing citizens a greater sense of *individual* agency than they would have under LS; this entrepreneurial mode of active character is essential to effective political leadership. Second, POD, unlike welfare-state capitalism, would create an economic world that was truly voluntary in character: citizens would work at jobs that they had either freely chosen or created. This would likely produce less alienation and a stronger sense of belonging than we usually associate with capitalist workplaces, and such connectedness might provide more fertile ground for a sense of the common good to develop. Would it do so as effectively as LS? Probably not, although its disadvantage here might be offset by its advantage over LS

---

for mobile "citizen-consumers" in a locational marketplace and the less democracy is needed for citizens to maintain control. On this point, see Charles Tiebout's seminal work, "A Pure Theory of Local Expenditures," *Journal of Political Economy* 64 (1956): 416-24.

[59]For example, see Michael W. Howard, *Self-Management and the Crisis of Socialism* (Lanham, Md.: Rowman & Littlefield, 2000), pp. 23-24, 29-30; cf. Arneson, "Democratic Rights," p. 141.

[60]Cohen, "Economic Basis," pp. 28-29.

in creating active characters. Admittedly, though, this is all speculative, because neither LS nor POD has ever been achieved in anything approaching full form. Thus, the Psychological Support Argument is rather weak and unlikely to carry the burden of a democratic case for LS by itself, given the even greater weakness of the other arguments for it.[61]

Notice another feature of the Parallel Case and Psychological Support Arguments: they would sweep within their ambit virtually every human association, including not just workplaces but also churches, clubs, families, and so on. Aren't they all rule-based organizations operating for the mutual benefit of their freely cooperating participants (except for children, perhaps)? Wouldn't the extension of democratic procedures into the "traditionally undemocratic spheres" of religion and family (both of which have historically been hierarchical and patriarchal) help build "active character" and a "sense of the common good" and thus contribute to a "more fully democratic state"? Both arguments make the same general claim, one that Nancy Rosenblum has called "congruence": all the elements of civil society—businesses, churches, clubs, families, and so on—must share the justification and structure of the democratic state and cultivate the same dispositions and virtues too, lest state and civil society conflict on ideological and/or psychological grounds and thereby undermine democracy.[62] In brief, every "little platoon" must become a little *demos*. Needless to say, this spirit of relentless downward democratization is not shared by neutralist or plural-perfectionist liberals, and appears inconsistent with the liberal ethos in both its hostility to associational diversity and its likely reliance on "powerful central coordination by government" to effect its homogenizing plan.[63]

More to the point, however, is its inconsistency with Cohen's announced desire to avoid what he calls "sectarianism," that is, dependence on "a particular view of the good life."[64] Consider, for example, the following passage:

> A system in which *all* firms are self-managed might be thought to impose objectionable constraints on the liberty of those citizens who wish simply to work for a wage. This objection strikes me as having little force, since *I do not see what fundamental interest is protected by the liberty to sell labor for a wage.* Constraints against wage-labor … seem

[61]For a different perspective, see Waheed Hussain, "The Most Stable Regime," *Journal of Social Philosophy* 40 (2009): 412-33.

[62]Nancy Rosenblum, *Membership and Morals* (Princeton: Princeton University Press, 1989), pp. 38-40.

[63]Ibid., p. 41; cf. Friedrich Hayek, *Law, Legislation, and Liberty, Volume 3: The Political Order of a Free People* (Chicago: University of Chicago Press, 1979), pp. 38-39, 145-46.

[64]Cohen, "Democratic Legitimacy," p. 27.

in principle no more objectionable than constitutional prohibitions of slavery or the requirement in the U.S. Constitution that there be republican forms of government in the states.[65]

As we saw in sections 2 and 3, there are numerous fundamental interests at stake in preserving "wage-labor," that is, noncooperative workplaces, including our interest in pursuing a form of life that is more focused on consumption, leisure, and alternative forms of self-development than on achieving collective autonomy in every sphere; the demands of self-management (be it direct or indirect, as when workers select and then monitor, discipline, and at times replace managers) will invariably crowd out these activities to a greater or lesser extent, and many will discover that the required sacrifices do not best advance their preferred way of life.[66] Not giving due deference to other, competing conceptions of the good is certainly sectarian, the consequence of giving undue priority to a civic-humanist or Marxist vision of the good life. If sectarianism is to be avoided, as Cohen desires, a reasonable amount of social space must be left open for these alternatives, and associational market socialism (unlike voluntary syndicalism in POD) fails to do this. A suitably *liberal* deliberative democracy will thus endorse some species of egalitarian capitalism, such as POD, that takes seriously both associational diversity and the pluralism that underwrites it.

5. Two Other Objections: Defending Socialist Pluralism

There are at least two other potential objections that focus on the supposed hostility of socialism to pluralism, which I have emphasized in the previous two sections. First, some readers may protest that certain kinds

[65]Cohen, "Economic Basis," pp. 48-49 (emphasis added).

[66]Again, see Walzer, *Spheres*, pp. 17-28, on "tyranny." One might think that the delegation of day-to-day decision-making to hired managers would allow workers to avoid most of the demands of self-management, but this is not so. Workers must still monitor, criticize, discipline, and at times fire managers, which requires a great deal of time and effort; if they fail to do so, managers will just pursue their own interests, maximizing *their* income instead of that of their worker-employers. This is less of a problem for capitalist enterprises for two reasons: first, ownership tends to be concentrated in one or a small number of people, who will then have the proper incentives to monitor the management themselves; second, even when ownership is diffuse and managerial rent-seeking increases, profits will suffer and share prices will fall, making the firm ripe for a takeover and management shake-up by corporate raiders. Neither of these options is available for cooperatives because their "shares" are equal, indivisible, and available only to current workers. The heavy demands of self-management are thus entirely structural and can only be ameliorated, not eliminated, by "patches" like delegation.

of market socialism are open to the marginal presence of capitalist firms. John Roemer, for example, suggests that if innovation is lacking in a socialist economy, it may be desirable to encourage the "entrepreneurial spirit" by allowing small capitalist firms to be set up by "lonely inventors" and others with innovative ideas who hanker for the big payoff, so long as these firms are eventually socialized, "with proper compensation to the owners, at some given size."[67] Permitting such a "capitalist fringe" might indeed increase workplace diversity and go some way towards alleviating worries raised in the last two sections. Notice, however, that Roemer's proposal is driven by concerns about innovation; it appears unlikely that the resulting fringe would be capacious enough to accommodate preferences for noncooperative workplaces in a large labor force. If, on the other hand, we kept expanding that fringe to accommodate them, we would simply back our way into (the consequences of) an egalitarian form of capitalism like POD, which empowers workers to choose between cooperative and noncooperative workplaces. What would be the appeal of a modified version of LS that simply reproduced the distribution of cooperative and noncooperative workplaces that we could achieve directly by just implementing POD?[68] Also, there is good reason to believe that social planners in such a modified socialist system would simply lack the information needed to reproduce this distribution: as Hayek's critique of central planning demonstrated, we can only obtain knowledge of labor's preferences for workplace types by seeing those preferences acted upon in a market setting via workers' establishment of new workplaces or selection of existing ones—but implementing this would require something like POD.[69]

Another, more subtle, objection is that even if all workplaces are forced to be cooperative, workers within them are not necessarily required to participate in self-management; if not, then there might be more

[67]Roemer, *Egalitarian Perspectives*, pp. 296-97; cf. Miller, "A Vision," pp. 255-56. As for why socialist firms might be less innovative, see my discussion of cooperative workplaces in section 2.

[68]Of course, a socialist might answer this rhetorical question in a number of ways: e.g., the socialization of profits, political control of the economy, and so on. Recall, though, that we are focusing in this paper exclusively on *associational* market socialism, where control of firms and the resultant rewards are decentralized not just to the enterprise level but to the workers in those firms themselves. The entire point of this form of socialism, at least in the modified form hypothesized above, is to give workers the economic control/reward conditions that they prefer, i.e., to reproduce the results of POD. Statist and/or nonmarket forms of socialism might pursue additional objectives, but as I noted in the introduction, such forms of socialism have been rejected by most liberals (including Rawls, Miller, Walzer, and Joshua Cohen) and are therefore beyond the purview of this paper.

[69]See Hayek, *Individualism*, chap. 4.

space in socialist enterprises than I have suggested for worker pursuit of alternative forms of self-development, leisure, and so on. In other words, the right to self-management need not be an enforceable duty that crowds out personal projects, whether inside the workplace or out; perhaps the lathe operator can skip the management meeting and learn to use the forklift instead, or even knock off early for a book-club session ... or a round of drinks at the local pub. In reply, I would first ask: how do we know that participation will not be required? In a cooperative workplace, the benefits of self-management are a public good enjoyed by all workers: a well-run cooperative firm will generate a larger surplus to be shared by all workers, ceteris paribus, than a badly run one. Moreover, a cooperative workplace, being a little *demos*, can implement whatever rules it prefers (consistent with the basic liberties, and so on). This being the case, a worker-run firm is likely to require participation, and enforce it by fines, threats of firing, and so forth, lest free-riding cripple its efficiency. The lathe operator's side projects will be curbed by proletarian discipline.

Assuming that resourced freedom of movement across cooperatives is protected, though, such discipline need not have worrisome authoritarian implications: workers can sort themselves among cooperatives according to their tastes for such side projects. For example, one cooperative might set aside a time each day for its workers to learn about and achieve some competence at others' tasks, while another might have short working hours so that workers can repair to their favorite book club or local pub. Granted, this diversity internal to a cooperative economy may go some way in alleviating the worries of liberal pluralists of all stripes. The fact remains, however, that one very important trade-off is denied to all workers: the trade-off of a cooperative workplace (with the inefficiencies and demands inevitably attached to it) for a noncooperative workplace, whose superior efficiency and nonexistent self-management demands will yield more income or time for alternative forms of self-development. For many workers, perhaps most, this would be a desirable trade-off, one that they are refused under socialism but would be empowered to make by an egalitarian capitalism. It is hard to see why they should be denied this choice, at least on the grounds we have surveyed.[70]

---

[70]In section 2, I rejected LS for being nonneutral, while in sections 3-5, it was rejected for being nonpluralistic. In closing, I want to suggest a third reason for rejection: freedom, the fundamental liberal value. When I choose to work in a nonparticipatory workplace, I choose to be a mere wage laborer. If I am instead required to work in a cooperative, I am forced to become both a wage laborer *and a co-manager*; by assumption, though, I did not want to be a co-manager, and forcing someone to take a job that he does not desire is a clear violation of free choice of occupation. Given the importance of this liberty to freely shaping our own lives (the sine qua non of personal autonomy), we

6. Conclusion

I have argued that three major species of liberalism—neutralist, plural-perfectionist, and deliberative-democratic—are incompatible with even a modest form of socialism. Given that my focus has been on the liberal-egalitarian and social-democratic subspecies of these three species and that the classical-liberal ones are even less likely to be compatible, I think it is fair to say that a wide swath of liberal theory rules out socialism.

This is not to say, however, that all liberal theories rule out socialism. "Liberal socialism" is not an oxymoron, even though it is a rarer and more unstable hybrid than has commonly been recognized. As I noted in the introduction, some kinds of liberalism might be compatible with or even require it. Although what I say here will be speculative and tentative, it seems to be the case that those kinds of liberalism *requiring* socialism will have to be much "thicker" (i.e., committed to a narrower conception of the good life) than the three that I surveyed above, while those only *allowing* socialism will have to be much "thinner." I offer as examples of these the two that I mentioned in the introduction: J.S. Mill's plural perfectionism and Judith Shklar's liberalism of fear, respectively. Mill's perfectionism, though plural, gives strong priority to "higher" faculties, especially the capacity for self-government; this motivates his steady commitment to democracy across the political, economic, and domestic spheres. Like Joshua Cohen, Mill presses hard for "congruence," but unlike Cohen, he does not worry that this will overstep public reason's bounds and thereby make him sectarian: the comprehensiveness of his liberalism is unapologetic. Shklar, by contrast, famously puts aside Mill's "liberalism of personal development" in favor of a more modest liberalism that secures "freedom from the abuse of power and the intimidation of the defenseless that this difference [between 'the weak and powerful'] invites."[71] If liberalism just entails minimizing the *summum malum* of abuse and intimidation, then under particular historical circumstances it might permit associational market socialism—though it is unlikely to require it, given the nebulous quality of the minimand. In short, a minimalist liberalism like Shklar's might forbid certain political forms (e.g., secular or religious authoritarianism) and economic systems (e.g., laissez-faire capitalism) without barring a broad spectrum of alternatives, including perhaps liberal socialism.

---

betray liberal values if we sacrifice it for the sake of building working-class autonomy and solidarity.

[71]Judith Shklar, "The Liberalism of Fear," in Stanley Hoffmann (ed.), *Political Thought and Political Thinkers* (Chicago: University of Chicago Press, 1998), pp. 3-20, at pp. 8-9.

Having said this, it remains the case that most liberals should reject socialism, even in its most attractive form. Intellectuals, especially liberal-egalitarian and social-democratic ones, have long flirted with socialism, an historical fact discussed at length by Hayek.[72] They have been its fellow travelers, admiring if not embracing it, and trying to accommodate it within their theories. The time has finally arrived to close this chapter in the history of liberal thought. Liberalism no longer needs to burnish its progressive credentials by associating itself with socialism. In truth, it never did.[73]

Department of Political Science, University of California, Davis
rstaylor@ucdavis.edu

[72]Friedrich Hayek, "The Intellectuals and Socialism," *The University of Chicago Law Review* 16 (1949): 417-33.

[73]For their helpful comments and suggestions, I thank Corey Brettschneider, Yvonne Chiu, Simon Cotton, John Tomasi, Andrew Valls, the participants at the "Markets, Democracy, and Justice" panel at the September 2013 American Political Science Association meeting, and the editors and referees at *Social Theory and Practice*. I am also grateful to the Political Theory Project at Brown University and to Lord and Lady Sterling of Battersea for providing office space and residential support while I worked on this paper.