

Modern socialism, particularly Third World socialism, is beset with a difficult dilemma. On the one hand, socialist movements have been motivated by an ethical ideal--that of equality. They have been powered by a deep hatred of inequality, and have aspired to create a more egalitarian social order. On the other hand, the very passions that have been mobilized against oppressive inequality shade easily into envy, envy of a particularly destructive sort.

Marx himself was quite aware of this dilemma. Consider his harsh criticism of what he called "crude communism," a communism that, in his words, "aims to destroy everything which is incapable of being possessed by everyone." This communism, Marx argues, appears to be exceedingly radical, but it is in fact the mirror image of capitalism. It is capitalism's "abstract negation" as it were, because it, like capitalism, is based on envy. Under crude communism, he says, "universal envy [sets] itself up as a power" that aims at "leveling-down on the basis of a preconceived minimum." But this envy is only a "camouflaged form of [the envy that animates capitalism], which re-establishes itself and seeks to satisfy itself in a different way."

As a matter of fact, this crude communism, Marx suggests, is worse than capitalism. Under capitalism envy motivates many people to strive to raise themselves up to the level of the wealthy, whereas under crude communism, envy motivates people to pull down those who have more. Marx writes:

How little this abolition of private property represents a genuine [communism] is shown by the abstract negation of the whole world of culture and civilization, and the regression to the unnatural simplicity of the poor and wantless individual who has not only not surpassed private property but has not yet even attained to it.¹

Few socialist movements that have come to power have attempted to impose an egalitarianism so severe as that against which Marx warned. (Pol Pot's Kampuchea is the only example I can think of--although a "politics of envy" have flared from time to time in various countries, usually with destructive results.) Almost all socialist societies have recognized the need for material incentives as a motivation for productive labor. But the attempt was made, almost everywhere, to "rationalize" the resulting inequalities; that is to say, to tie the differentials in income and special perquisites to "objective" criteria: skill, training, responsibility, importance of the work, etc. The underlying idea has been to replace the irrational inequalities of the market with a more rational system of differential rewards, as determined by the planners.

It is my contention that this strategy has failed. It has failed not because the ideal of replacing irrational inequalities by more rational ones is an unworthy goal, but because the planning mechanisms created to accomplish this goal have proven to be inadequate to the task. The empirical evidence is now clear: central planning generates its own irrationalities, and these become increasingly severe as a society's economy develops. It has become clear--clear to me at any rate--that a socialism that wishes to meet the legitimate economic aspirations of its citizens

must be a market socialism. The market must be utilized as a basic economic mechanism. I do not claim that the market should be the sole economic mechanism. Certainly not. Nor do I claim that the other defining features of capitalism, namely private ownership of the means of production and wage labor, are essential to economic viability. They are not. But a socialism that is both economically viable and worthy of its ethical heritage must be a market socialism. (I have argued these claims at length elsewhere. I won't pursue them further here.²)

Let us come back to envy. If my basic claim is true, that a viable socialism must be a market socialism, then it follows that socialism must tolerate inequalities that would seem to have no "rational" justification. The market does not reward "rationally." Hard work matters, but so does luck. Enterprises must take risks. Some risks pay off, but some do not. Customers can be fickle. Tastes can change. Managers can mismanage. Promising technologies can fail. Under such circumstances, some firms prosper, but others do not. Some even go bankrupt.

Needless to say, such conditions offer much scope for envy--particularly in a culture with an egalitarian ethos. There is much room for bitterness and discontent. Basic socialist ideals, for which many have sacrificed, seem to have been betrayed.

And it is indeed possible that basic ideals will be betrayed. There is real danger here. The market is a powerful force. Properly utilized, it can be an instrument of great value, but improperly utilized, it can wreak havoc. (Eastern Europe is littered now with examples of the latter possibility.) This is not the place to discuss technical questions of market reform, but it is worth asking here about general criteria. If market-generated inequalities are not "rational," in the sense of corresponding to standards of objective merit, how can we say whether or not they are excessive? One plausible answer to this question--a good answer, I think--comes from an unlikely quarter. The most influential text in Anglo-American political philosophy since World War II is John Rawls' *A Theory of Justice*.³ In this work Rawls sets out a simple principle (which he calls "the difference principle") by which to determine if the inequalities of wealth and power in a society are just: they are just only if they benefit the least advantaged stratum of society. That is to say, if the least advantaged members of society are better off than they would be if the society were more egalitarian, then the inequalities are justified. To put the matter in a slightly different fashion: Rawls starts with a presumption in favor of equality. Inequalities are then admitted, provided a) their motivational effects are sufficient to increase the total output of goods and services, and b) some of this increase really does make the worst off segments of society better off.⁴

I've said that this is help from an unlikely quarter, because Rawls's *A Theory of Justice* has been widely regarded as a defense of Keynesian-liberal capitalism. And indeed, it can be so regarded, although, as I have argued elsewhere, capitalism, even that of a social-democratic structure, fails utterly to accord with Rawls's normative theory.⁵ Whatever the intentions of its author, Rawls's theory provides justification for socialism (certain forms of socialism)--not for capitalism.

Interestingly enough, Rawls addresses explicitly the problem of envy. Given "human beings as they are," he says, great disparities of income and wealth are bound to induce envy, and even wound a person's self-respect. If the inequalities exceed those permitted by the difference

principle, a person cannot "reasonably be asked to overcome his rancorous feelings." Such envy is "excusable."⁶

If we accept this Rawlsian analysis, we may conclude the following: A society may justly employ the market as a part of its economic structure, so long as the resulting inequalities work to the benefit of the least advantaged strata. So long as inequalities remain within these bounds, whatever envy they generate is morally inexcusable. This is true even if the inequalities do not correspond to effort, skill, responsibility or other such quasi-objective criteria. But if the inequalities exceed those permitted by the difference principle, they are not justified, and the envy to which they give rise is excusable.

The analysis just given constitutes, I think, a reasonably adequate general account of the relationship between equality and envy under socialism. Inequalities do not betray basic socialist commitments so long as they serve to motivate producers to produce more efficiently, and so long as the gains thus registered transfer in part to the least advantaged strata. Under such circumstances envy is a vice--understandable, perhaps, but not excusable.

There is another important matter to consider. The account just given, however adequate as a general analysis, does not do justice to a particularly pressing problem today: the problem of making a transition from a non-market to a market form of socialism. It has long been recognized that the market has a corrosive effect on traditional values. In Marx's telling phrase, "all that is solid melts into air."⁷

It has been argued, by Habermas among others, that capitalism itself may come into crisis precisely because the capitalist market, in the long run, so undermines the moral character and even psychic structure of individuals that the system ceases to function effectively.⁸ The market, to be effective, cannot operate in a moral vacuum. If the citizenry become excessively cynical, uncaring of the common good, too little concerned about future generations--in short, too possessed of "possessive individualism"--then the market, rather than stimulating efficient production, will breed mainly corruption, crime and social devastation.

An analogous problem faces a socialist society attempting to introduce market reforms. Such reforms, properly introduced, can greatly enhance the material well-being of the population. (China--the most dynamic economy in the world today--is proof positive of this.) But such reforms must be introduced in such a way so as to avoid not only major economic dislocation, but also moral degradation. Some of each--economic dislocation and moral degradation--is inevitable, but it is crucial that neither become too severe. It is crucial that measures be taken to counteract both.

Needless to say, there are no magic formulas to be invoked here. This is uncharted, difficult territory. It may well be the case that those who remain most loyal to the ideals of socialism will benefit least from the reforms. And yet, if the reforms are to be successful, economically as well as morally, it is vital that the ethical ideals of socialism be upheld--in a free and open fashion, not corroded by envy. It is vital that those who benefit most from the reforms recognize a) that not

all are benefitting equally, b) that their good fortune is justified only if those less well off ultimately benefit also, and c) that the long range success of the reforms depends crucially on maintaining the moral integrity of society. Likewise, it is vital that those who care about socialism work hard to see to it that proper safeguards are maintained so as to keep the market forces in bound, while at the same time, resisting the temptation to a "politics of envy," a politics that denounces indiscriminately those who benefit most from the reforms.

One should have no illusions as to the difficulty of the task at hand. Marx has written that "mankind only sets itself such problems as it can solve; for when we look closer we will always find that the problem itself only arises when the material conditions for its solution are present or at least in the process of coming into being."⁹ Let us hope that he is right in this instance.

NOTES

1. Karl Marx, "Private Property and Communism," in *Economic and Philosophical Manuscripts*. (In Erich Fromm, *Marx's Concept of Man*, Frederick Ungar Publishing, 1966), p. 125. The other quotes given above are from the same source, pp. 124-25.

2. For a full statement of the case, see my *Against Capitalism* (Cambridge University Press, 1993).

3. Harvard University Press, 1971.

4. I'm oversimplifying here somewhat for purposes of exposition. For a careful analysis of Rawls, by a Marxist sympathetic to Rawls' general orientation, and some insightful modifications see R. G. Peffer, *Marxism, Morality and Social Justice* (Princeton University Press, 1990).

5. See my "Should Rawls Be a Socialist?" *Social Theory and Practice*, (Fall 1978); see also Chapter Six of *Against Capitalism*.

6. Rawls, p. 534.

7. *Communist Manifesto* (International Publishers, 1968), p.12.

8. Jurgen Habermas, *Legitimation Crisis* (Beacon Press, 1971).

9. Preface to a *Contribution of the Critique of Political Economy*, in Fromm, p. 218.