A Thesis

entitled

Why Rawlsian Liberalism has Failed and How Proudhonian Anarchism is the Solution

by

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Submitted to the graduate faculty as partial fulfillment of the requirements for the

Master of Arts Degree in Philosophy

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August 2011
An abstract of

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Liberalism has failed. The paradox in modern society between capitalism and democracy has violated the very principles of liberty, equality, and social justice that liberalism bases its ideology behind. Liberalism, in directly choosing capitalism and private property has undermined its own values and ensured that the theoretical justice, in which its foundation is built upon, will never be. This piece of work will take the monumental, landmark, liberal work, *A Theory of Justice*, by John Rawls, as its foundation to examine the contradictory and self-defeating ideological commitment to both capitalism and democracy in liberalism. I will argue that this commitment to both ideals creates an impossibility of justice, which is at the heart of, and is the driving force behind liberal theory. In liberalism’s place, I will argue that Pierre-Joseph Proudhon’s anarchism, as outlined in, *Property is Theft*, offers an actual ideological model to achieving the principles which liberalism has set out to achieve, through an adequate and functioning model of justice.
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Chapter 1
Introduction to the World’s Crisis

Liberalism has failed. The paradox in modern society between capitalism and democracy has violated the very principles of liberty, equality, and social justice that liberalism bases its ideology behind. Liberalism, in directly choosing capitalism and private property has undermined its own values and ensured that the theoretical justice, in which its foundation is built upon, will never be.

This piece of work will take the monumental, landmark, liberal work, *A Theory of Justice*, by John Rawls,¹ as its foundation to examine the contradictory and self-defeating ideological commitment to both capitalism and democracy in liberalism.

I will argue that this commitment to both ideals creates an impossibility of justice, which is at the heart of, and is the driving force behind liberal theory. In liberalism’s place, I will argue that Proudhon’s anarchism, as outlined in *What is Property?*,² offers an actual ideological model for achieving the principles that liberalism has set out to achieve, through an adequate and functioning model of justice.

It may be immediately questioned what relevance this work would hold due to the clear and obvious point that liberal society is alive and well, thriving with higher levels of success than have yet to be seen in history, but despite appearances, the veil of

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² Proudhon, P.-J. *What is Property?* Cambridge: Cambridge University Press, 1974
free market prosperity is rather thin. This can be seen as record profits has not meant
global economic comfort ability and an end to starvation and curable disease but instead
has caused the growth of gross and unsustainable inequalities of wealth that threaten
individual societies, as well as the global economic market, causing millions to fall into
poverty, and tearing countless families apart through suicide and the selling of wives and
daughters into sex trades, as was the case in the collapse of the Asian market in the late
1990’s.3

It is the idea of growth liberal economic doctrines have built their foundation
upon and it is this very same idea that ensures that democracy cannot survive side by side
with it, as the free market capitalist model of growth harbors a system of inequality rather
than equal distribution, for as economic growth divides, social and political power is also
divided. While it is very clear that capitalism has achieved significant growth, breaking
its own records and achievements each year, it is also clear this growth has meant profit
for some at the expense of the majority, creating a rift in social and political power. This
is evident as the world’s economic output has increased fivefold, while the number of
people in poverty has doubled since 1950 and the number of individuals in poverty has
increased by more than 100 million in the last decade. A great divide is being created, as
income inequality is increasing in countries that account for more than 80% of the
world’s population and the worlds 500 richest people have more wealth than the lowest
416 million.4

In 1944, representatives from forty-four countries came together in Bretton

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Woods, New Hampshire to create a framework for a stable global economy, to safeguard against financial disasters such as the economic crash that fueled the rise of the Nazi’s in Germany. This framework would form World Bank and The International Monetary Fund (IMF) whose respective purposes were to offer long term investment and to absorb “economic shocks” in economies, offering loans to failing economies. However, the purpose of these organizations would change radically, as along with the creation of the World Trade Organization in 1995, whose purpose was to regulate world trade, these organizations would became nothing more than tools for the richest countries in their pursuit to create a global liberal economic model.

Through liberal creations such as the North American Free Trade Agreement, the World Trade Organization has enforced U.S.-Corporate friendly economic policies that have amounted to the loss of 88,000 jobs and caused ¼ of Mexicans to be jobless⁵. The World Trade Organization has sat in judgment in favor of corporate interest against the interests of sovereign nations even when matters of consumer safety and job security were at risk, citing any hindrance to trade as a violation of a corporation’s right to profit. The IMF and the World Bank similarly serve the needs of corporate interest by offering third world countries high interest loans saddled with demands of deregulation and privatization that serve the needs of multi-national corporations at the expense of the majority of citizens. Michael Hardt and Antonio Negri sum up this new order of power quite well, when they contend that, “Along with the global market and global circuits of production has emerged a global order, a new logic and structure of rule- in short, a new form of sovereignty. Empire is the political subject that effectively regulates these global

exchanges, the sovereign power that governs the world.\textsuperscript{6}

Furthermore, the problem is that, “The Primary factors of production and exchange- money, technology, people, and goods- move with increasing ease around national borders; hence the nation-state has less and less power to regulate these flows and impose its authority over the economy.”\textsuperscript{7}

Naomi Klein is wise to note in her book, \textit{The Shock Doctrine}, the actual cost of the capitalist belief in growth as she remarks that at the same time Milton Friedman, one of the grand architects of modern capitalism, was receiving his Nobel Prize in economics, his ideas were being disproved in South America. Of course, in Bolivia, Chile, Argentina and others, the liberal model of economics was being imported but was met with such hostility and disinterest that genocide was a necessary recourse, as democratically elected leaders were replaced with dictators and free market models replaced state businesses. Massive acts of deregulations and privatization sunk these economies, and produced devastating affects for the majority, and ensured that democracy would not take course. However, the benefit to U.S. business was substantial and that is what matters.\textsuperscript{8}

The United States has been no exception to this model of growth and inequality despite the United States premier role in global financial institutions such as the WTO, Global Bank, and the IMF, which renowned economist, John Maynard Keynes questioned in the Bretton Woods negotiations in 1944, believing that this would create an

\textsuperscript{6} Negri, M. H. \textit{Empire}. Cambridge: Harvard University Press, 2001,1

\textsuperscript{7} Negri, M. H. \textit{Empire}. Cambridge: Harvard University Press, 2001,1

unfair situation of power. A recent Wall Street Journal articles suggests that the richest 1% of Americans hold more wealth than the bottom 95% combined. Similarly, Unemployment has not dipped below 11% since 1973, despite the U.S. being the richest country in the world.

The United States will serve as the best example for this piece, even more so than the examples shown hitherto, as the U.S. is the perfect model for what Rawls’ calls a “well ordered society”, which he bases his hypothetical utopian ideology on. Thus the 2008 financial crisis serves as the best and most recent example of the failures of liberalism, as Wall Street fat cats, through an elaborate Ponzi scheme, were able to swindle millions from the American people, leaving former chair of the Federal Reserve to comment, “Those of us who have looked to the self interest of lending institutions to protect shareholders’ equity, myself included, are in a state of shocked disbelief.” Here we see the dilemma between capitalism and democracy in liberalism come directly to the surface: We are to expect that the values of liberalism will outweigh the desires of capitalism, but really these two subjects have nothing to do with each other, and when met with a conflicting instance, the values of democracy will not even be considered, as capitalism is our economic reality, and the values of democracy are, in relation, only acceptable rhetoric used to make otherwise intolerable truths, more palatable.

Slavoj Zizek plays upon the famous 2003, Donald Rumsfeld speech where Rumsfeld states that there are the things we know, we know, and also the things that we

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11 Danziger, M. C. Changing poverty and changing antipoverty policies. Focus, 1-6, 2009
12 Zizek, S. First as Tragedy. London: Verso, 2009, 30
know that we don’t know, and Zizek adds there are the things “that we don’t know that we know.”

It is precisely in this third grey area that the contradiction of capitalism exists. Zizek explains our belief in this contradiction:

This is indeed how ideology functions today: nobody takes democracy or justice seriously, we are all aware of their corrupted nature, be we participate in them, we display our belief in them, because we assume that they work even if we do not believe in them.

Before concluding this introductory segment, it must be noted that the massive inequalities that the liberal global model of capitalism have created, has not gone unnoticed by the majority of the world’s citizens and has sparked massive protest movements around the globe. This movement, perhaps beginning with the Zapatista uprising in Mexico in 1994, has spread into a worldwide solidarity movement against globalization which has become evident by protests in Amsterdam, New Delhi, Bangalore, Lisbon, Paris, Geneva, Berlin, Ankara, Rome, Baltimore, Iceland, Philadelphia, Nashville, Tucson, Manila, Boston, Australia, Wales, Israel, Milan, Toronto, and numerous others. To dip into a major point that will be made later in my critique of Rawl’s, A Theory of Justice. It should be noted that even in the United States, which once again would serve as a perfect starting point for Rawls’ creation, there have been major protests: 1st in Seattle in 1999, when 50,000 individuals effectively shut down the WTO’s session and again in 2008 in Pittsburgh when protestors took to the streets to stop the G20 summit. In both instances, protestors were met with police

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13 Wright, B. (Director). The Reality of the Virtual [Motion Picture], 2007
14 Zizek, S. First as Tragedy. London: Verso, 2009, 51
15 Rowley, J. F. (Director). This Is What Democracy Looks Like [Motion Picture], 2007
brutality, and in Pittsburgh, protestors were even met with long range acoustic devices or sonic cannons, which have previously only been used in foreign wars. Here again we see victory of capitalism over democratic principles in the liberal dichotomy, which I will later analyze when looking at the effectiveness of Rawls’ envy principle, which I will argue has things backwards, as he asks, unrealistically, that a society create economic conditions without envy, when he should really see the goal as creating economic conditions that don’t cause envy, because without such conditions, unrest, and I will prove it is legitimate unrest, will shake the fragile stable and rational society he wishes to create.

Chapter 2

Rawls’ Model

*A Theory of Justice* is a monumental piece of liberal writing for many reasons, perhaps the most of which is its ethical achievements. In this work, John Rawls sets out to fuse the major two ethical theories of the time, intuitionism and utilitarianism, into a social contract that retains the best of both schools and sheds the more problematic aspects by adding marry the two together. For utilitarianism, on its own, cannot explain why individuals would give up personal pleasures for the good of all and intuitionism, offers without evidence that we have rational abilities in regards to ethical decisions. Thus Rawls takes the attractive side of utilitarianism in the good of the majority, and combines it with intuitionism’s belief that the right is separate from the good, and also adds in Kant’s inviolability doctrine, and thus creates a new and revived theory of liberalism, pushing social contract theory forward by leaps and bounds\(^\text{18}\).

This ethical achievement is the backbone for Rawls’ schema in *A Theory of Justice*. Rawls’ social contract is constructed of a bargaining game, in which a payoff matrix is used by the players who are to choose their moves with caution, as these moves dictate social possibilities they may achieve. In this way, a social contract is created in accordance with the veil of ignorance, which ensures that each player does not know his or her place in society, but does have adequate understanding of how society functions economically and politically. This is to guarantee that each player will choose moves

with the full recognition that they may end up being the least off member of society, so it is in their best interest to be concerned with the conditions of their society in its entirety.

This model is to be ruled over by two principles for Rawls which are:

First Principle
Each Person is to have an equal right to the most extensive total system of equal liberties compatible with a similar system of liberty for all.

Second Principle
Social and economic inequalities are to be arranged so that they are both

(a) to the greatest benefit of the least advantaged, consistent with the just savings principle, and

(b) attached to offices and positions open to all under conditions of fair equality and opportunity.\(^\text{19}\)

Rawls’ explains,

All social primary goods- liberty and opportunity, income and wealth, and the bases of self respect- are to be distributed equally and unequal distribution of any or all of these goods is to the advantage of the least favored.\(^\text{20}\)

For Rawls’, primary goods are the goods necessary to sustain one’s life. In the bargaining game, it is assumed for each player that having more primary goods is better than having less, which go in accordance with each individuals rational plan of life.

Rawls explains for each individual that,

This plan is designed to permit the harmonious satisfaction of his interests. It schedules activities that so that various desires can be fulfilled without interference. It is arrived at by rejecting other plans that are either less likely to

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succeed or do not provide for such an inclusive attainment of aims.\textsuperscript{21}

All of this is then cemented by the non-envy principle, which Rawls explains that “the bare knowledge of perception of the difference between the condition and that of others is not, within limits and is itself, a source of great dissatisfaction.”\textsuperscript{22} This principle is here to ensure that players do in fact, act out of rational interests and take what move in the game benefits them the most; regardless of if the payoff is higher or more beneficial for other players.

\textsuperscript{21} Rawls, J. \textit{A Theory of Justice}. Cambridge: Belknap, 1971, 303

\textsuperscript{22} Rawls, J. \textit{A Theory of Justice}. Cambridge: Belknap, 1971, 304
Chapter 3
Critique of Rawls

The main problem with Rawls’ theory is that, and this is again how I began this paper, the values of liberalism are directly contradicted by the path it chooses with capitalism and its foundation in private property. Rawls’ second principle which allows for, and which seeks to justify private property, undermines his first priority which is to allow for the maximization of liberty equally for all. It would be fair to mention that Rawls follows his two principles with a priority rule that states, “The Principles of justice are to be ranked in lexical order and therefore liberty can be restricted only for the sake of liberty,”23 but this would only amount to a forfeiting of the second principle and of private property itself if it can be shown that capitalism violates the values of liberty and justice, which I will argue it does, leaving a void to be filled with a different economic system, for which I will argue Proudhon’s anarchism is the perfect fit.

As Robert Wolff rightly concludes about *A Theory of Justice*, “One could characterize it briefly, even brusquely, as a philosophical *apologia* for an egalitarian brand of liberal welfare capitalism.”24 Rawls, in creating the veil of ignorance, has attempted to create the illusion of choice in the bargaining game but even this is nullified,

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as Rawls’ bases his model on a “well ordered society” or a democratic capitalist society which already agrees on certain principles of justice, and the players of the bargaining game begin the game with a sufficient, yet inherently biased, understanding of socio-economic history to let them know where they are. Thus Rawls attempts to create the ought from the is, as the following passage from neo-Marxist, Herbert Marcuse depicts, almost in response to Rawls’ starting point, that the power of culture, and our historical position determines our societal organization and thus it would be a complete impossibility to choose anything other than liberal-capitalism in the bargaining game, thus showcasing Rawls’ abstract academic justification for the American position:


breaking a few eggs. Rawls attempts to package income inequality and rationalization together, making one impossible without the other, in his assumption that because economic conditions are just under capitalism, it would be irrational not to choose a position that is better for yourself, even if it raises those ahead of you exponentially.

This is effectively where the non-envy principle comes in, as it is aimed at creating the liberal affirmation of trickledown economics, by using the poor to justify the unjust economic conditions that the capitalist system imposes upon them. As Robert Wolff explains,

> And now the point of the non-envy assumption should be clear. If we were to permit the judgments in our bargaining game to be influenced by „envy,” then a player might so resent the (higher) wage of his fellow worker that he would rather stick with the original equal-pay arrangement, *even though he would have to give up a raise to do so!* If we rule out envy, however, then we can be certain that whenever an objective calculation shows that some arrangement of payoffs’ in a practice will produce an inequality surplus, we can conclude that there will be a possible distribution of that surplus that makes the practice with the inequality unanimously preference to the same practice without the inequality.27

However, there is little reason to accept that this income inequality is fair, unless one believes that a system of private property can adequately uphold Rawls’ two principles, and the very need for the non-envy assumption seems to bring this point into question, as it clearly is not self-evident that one should accept a raise in economic standards, if it also means that someone else will receive a raise that is exponentially higher, as it would be naïve to believe that economics relations occur in a vacuum aside from and without affecting other aspects of society. To accept that this kind of growth in economic inequality could persist without altering political or social relations is to be devoid of historical empirical hindsight. Perhaps Rawls makes this justification purely

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for the sake of his commitment to capitalism, but it lacks a complete understanding of wealth, which has served to be and continues to serve to be a tremendous expression of political power.

Furthermore, Rawls commitment to maintaining a system of income inequality is economically unsound as it fails to take into the considerations of long term social sustainability, which lie at the very heart of social justice. Economist, Robert Reich, addresses the misperception of the question of income inequality and sustainability quite well when he asks, hypothetically speaking, if you had a genie who could grant you the wish of having an economy that could experience a high level of economic growth, but that the majority of profit would sit at the top and thus create a great deal of wealth inequality, but yet still benefit all the members of the society to some extent, would you do it or would you allow conditions to remain the same, even though the poor would be in a worse spot than if you had chosen the genies wish? As Reich explains most people don’t believe that wealth inequality is a problem because it is perceived that:

…as long as even if equality is very wide, as long as people are moving up and down, then we, as a society, don’t need to worry that much about it, right? Well that argument is often heard, but the problem is that as the income ladder elongates, as the distribution becomes wider and wider, even if you are moving from the bottom upward at the same pace, at the same velocity as you used to move, you’re going to be getting a smaller distance up the ladder, because the ladder’s so much longer.²⁸

When this happens for an extended period of time, Reich argues that economies will reach a snapping point and that snap can be a “snap back” where the society changes its economic policies or a “snap break” where the society permanently reaches a split and the society breaks off, essentially, into two societies: Those with the wealth and those

With the non-envy principle, Rawls turns social theory on its very head by advocating that rational individuals should contradict their own feelings and intuitions for the group. Robert Wolfe explains:

In a sense Rawls has his argument reversed. If it is rational not to be envious, and to select the difference principle in the original position by means of rationally self-interest choice, then we will want a social system that cuts down on envy because we will recognize envy as irrational. We will judge it so because it is mutually harmful, consigning us to a condition that is Pareto-inferior to some other just and available state. But if it is not irrational to be envious, then we will not necessarily reject an otherwise mutually advantageous social system that engenders painful envy. We may view envy as a legitimate emotion, one which we wish to countenance or even which we wish to stimulate in others.

What Wolfe rationally explains, Reich illustrates in economic theory. Wealth inequality has a human social factor that cannot be wished away by simply claiming that individuals would be unwise not to accept higher economic gains. This kind of thinking is a clear straw man that diverts us from the legitimate question of if wealth inequality can be just, and Rawls has no evidence that it ever could be. As Wolfe argues if we are to view envy as a legitimate emotion, and take this even further to view it as a rational feeling of justice regarding societal relationships, Rawls’ whole schema crumbles to the ground, as the non-envy assumption is the very thin glue that holds his model together.

In A Theory of Justice, Rawls separates the realm of society and politics from the realm of economics; however this is just not possible as the two realms influence and shape each other. In principle 1, Rawls places democratic values, and asserts that they are to be equally distributed, without failure, and in principle 2 he places free market

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theory, arguing that it must follow the same line of principle 1, except in cases where at least some marginal gain can be expected for the lowest ranks of society, when exponentially the growth is elsewhere. Rawls naively believes that in separating these two principles, he may actually separate the political, economic, and social realms of a society, and with the entering of his lexical priority rule, that the political and social realm of a society would remain unchanged when disparities occurred economically. This is like asking a man to separate his feelings from his thoughts, as in capitalist societies, economics and politics constantly mold and form each other. Furthermore, it would be like asking that same man when he had feelings of anger, not to have thoughts of justice, which, again, Rawls literally does with the non-envy assumption. Rawls attempts to link envy to irrationalism, but he does so in ignorance of human nature, as modern psychology has found that anger and justice are most always linked. It is this lack of political, social and economic understanding coupled with an underestimation of the power of capitalism that ultimately undermines A Theory of Justice, through its two contradictory principles.\textsuperscript{31}

Rawls is altogether unaware of the power of private property. As is clear from Reich’s example, and even more so from Marx’s class theory, is that disparities of wealth, order societies. Marx adequately sums up this power in his Economic and philosophic Manuscripts of 1844,

By possessing the property of appropriating all objects, money as thus the object of eminent possession. The universality of its property is the omnipotence of its being. Money is the procurer between man’s need and the object between his life and his means of life. But that which mediates my life for me, also mediates the existence of other people for me it is the other person\textsuperscript{32}.

\textsuperscript{32}Marx, K. The Economic and Philosophic Manuscripts of 1844 and the Communist Manifesto. New York: Prometheus Books, 1988, 119
Thus Marx recognizes that it is not going to be values that shape an individual but their relationship to private property. He concludes that the system of private property will essentially shape who we are and what society is and thus we see a sharp contradiction with the Rawlsian model where values and aspirations, and society itself exists aside from economics:

Money, then appears as this *distorting* power both against the individual and the against the bonds of society, etc., which claim to be *entities* in themselves. It transforms fidelity into infidelity, love into hate, hate into love, virtue into vice, vice into virtue, servant into master, master into servant, idiocy into intelligence, and intelligence into idiocy.\(^\text{33}\)

Marcuse carries this idea further and elaborates on the power and influence of capital over the social realm when he explains that:

The productive apparatus and the goods and services which it produces „sell” or impose the social system as a whole. The means of mass transportation and communication, the commodities of lodging, food, and clothing, the irresistible output of the entertainment industry carry with them prescribed attitudes and habits, certain intellectual and emotional reactions which bind the consumer more or less pleasantly to the producers, and through the latter, to the whole. The products indoctrinate and manipulate; they promote a false consciousness which is immune against its falsehood. And as these beneficial products become available to more individuals in more social classes, the indoctrination they carry ceases to be publicity; it becomes a way of life.\(^\text{34}\)

Here, Marcuse shows us what Rawls is unwilling to accept: Capitalism can not only not exist isolated from society, but that is has a pervasive power in that it has a symbiotic quality in which it must reshape and redefine society to fit its interests.

Slavoj Zizek comments very nicely in his work, *First as Tragedy, Then as Farce*, about the power of capitalism and the losing battle that social values inherently face

\(^{33}\) Marx, K. *The Economic and Philosophic Manuscripts of 1844 and the Communist Manifesto*. New York: Prometheus Books, 1988, 122

against it, as these values are easily engulfed by capitalism and reinterpreted to suit the needs of profit and exploitation, and thus become contradictions to their own purposes, as he explains “the new spirit of capitalism” and the fall of post-modernism as,

Ideologically-and here we come to the crucial point-this shift occurred as a result of the protest of the 1960s (from May ’68 in Paris to the student movement in Germany, and the hippies in the US). The anti-capitalist protests of the ’60s supplemented the standard critique of socio-economic exploitation with the new topics of cultural critique: the alienation of everyday life, the commodification of consumption, the inauthenticity of mass society in which we are forced to “wear masks” and subjected to sexual and other oppressions, etc. The new spirit of capitalism triumphantly recuperated the egalitarian and anti-hierarchical rhetoric of 1968, presenting itself as a successful libertarian revolt against the oppressive social organizations characteristic of both capitalism and Really Existing Socialism- a new libertarian spirit epitomized by dressed-down “cool” capitalists such as Bill Gates and the founders of Ben and Jerry’s ice cream.\footnote{Zizek, S. (2009). \textit{First as Tragedy}. London: Verso.}

Beyond the idea of economic power, Rawls seems to ignore the implications of political power altogether, in his model, as Robert Wolff states,

Once need not know many of the basic facts of society to recognize that it would require very considerable political power to enforce the sort of wage rates, tax policies, transfer payments, and job regulation called for by the difference principle. The men and women who apply the principle, make the calculations, and issue the redistribution orders will be the most powerful persons in the society, be they econometricians, elected representatives, or philosopher-kings.\footnote{Wolff, R. P. \textit{Understanding Rawls: A Reconstruction and Critique of a Theory of Justice}. Gloucester: Peter Smith Publisher Inc.,1991}

This is truly an odd sentiment that Rawls would find condensing so much power into such a small group wouldn’t create any political difficulties. However, this seems to follow his general thesis in which he believes that rights and values can exist without influence of economic power, so it seems fitting that the power of government should also somehow exist without external influence as well.
Rawls, however, needs to take power seriously as this is a monumental political problem in organizing any kind of society. As, Mikhail Bakunin comments, there is a serious ethical hardship and influence, both internal and external inherent in power:

Nothing is more dangerous for a man’s private morality than the habit of command. The best man, the most intelligent, disinterested, generous, pure, will infallibly and always be spoiled at this trade. Two sentiments inherent in power never fail to produce this demoralization; they are: contempt for the masses and the over-estimation of one’s own merits. „The masses,’ a man says to himself, „recognizing their incapacity to govern on their own account, have elected me their chief. By that act they have publicly proclaimed their inferiority and my superiority. Among this crowd of men, recognizing hardly any equals of myself, I alone am capable of directing public affairs. The people have need of me; they cannot do without services, while I, on the contrary, can get along all right by myself: they, therefore, must obey me for their own security, and in condescending to command them, I am doing them a good turn.’ Is not there something in all that to make a man lose his head and his heart as well, and become mad with pride? It is thus that power and the habit of command become for even the most intelligent and virtuous men, a source of aberration, both intelligent and moral.³⁷

It is difficult to take Rawls’ two principles seriously without any regard for the idea of power. For at this point, not only is Rawls first principle negated by the economic power of his second principle, but his second principle becomes negated by his naïve structuring of government in which a small minority holds access and control to the distribution of wealth to the entire country.

The final point to note about *A Theory of Justice*, which ties my previous points about Rawls not adequately considering the aspect of power in the system of private property and the organization of government, is that Rawls finds it unnecessary to state what a theoretical conception of justice is.

Robert Talisse explains,

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a consistent theory of liberal justice must be a political conception of liberal justice; it must not be cast in terms of any particular comprehensive doctrine, but must appeal only to the most general and widely shared ideas „implicitly recognized” in the „public regarding human nature, religion, and morality, a political liberalism „does not speak”. Indeed, in order to „stay on the surface’ of philosophical controversy, a political liberalism attempts to abstain from referring to its own conception of justice and the judgments which follow from it as „true”.38

Thus Rawls reminds us, „which moral judgments are true, all things considered, is not a matter of political liberalism.39

While Rawls has come up with an efficient pragmatic solution to democratic functions, in again separating the social from the economic, by creating no clear foundation to unite the two, with no philosophical foundation of justice, he has left the social vulnerable to the power that is inherent in a system of private property. This is what Cornel West refers to as the problem of nihilism and capitalism.40 This is to say without an adequate system of meaningful and defined political values, democracy falls short to capitalism.

What Rawls theory is missing is a clear ethical and philosophical foundation for his two principles to find their cohesion together. The schema in A Theory of Justice needs a clear starting point, in defined moral beliefs to base the social and economic realms so that human nature need not be doctored (as we saw in the non-envy assumption), and so that Rawls first principle of equal liberty may hold steady with an economic system that supports it rather than hinders it. This is where our final section


will begin, and where we will clearly see that Proudhonian economic theory is the actual method that offers us the path to attaining the values set forth by liberalism.
Chapter 4

Proudhon and How the Liberal Solution is Anarchism

It should be first noted that the Anarchist and Liberal traditions do not differ in basic goals: They both would see humanity as free and independent, with just social relations. However, as I have attempted to show, the liberal solution to achieve this humanist blueprint is inadequate by means of contradictory economic choices. In this section, I will explain how the anarchist model advocated by Pierre-Joseph Proudhon rescues the goals of *A Theory of Justice* through a more efficient understanding of justice and economics.

As I ended the last chapter, I found flaw in Rawls’ choice to base his schema on a pragmatic political understanding of justice rather than an ethical one which could serve to ground the realms of social politics and economics and successfully govern the two to a point of cohesion. Proudhon does not have this problem, as he works in the opposite direction from Rawls, first understanding justice, and then creating his framework for society based off of it.

As Proudhon explains justice is inherently in itself a specific type of social value that should govern political and economic behavior, and not merely a cultural norm that can be decided upon by the participants of a bargaining game that already begins on the same kind of unequal economic and educational footing that Rawls believes becomes justifiable by way of ignorant compliance:
Sociability is the attraction felt by sentient beings for each other. Justice is this same attraction, accompanied by thought and knowledge. But under what general concept, in what category of the understanding, is justice placed? In the category of equal quantities. Hence, the ancient definition of justice — *Justum æquale est, injustum inæquale*. What is it, then, to practise justice? It is to give equal wealth to each, on condition of equal labor. It is to act socially. Our selfishness may complain; there is no escape from evidence and necessity.\(^{41}\)

Proudhon goes on to explain, then that a violation of justice is immoral and the cause of social disharmony, as…

moral evil, or, in this case, disorder in society, is naturally explained by our power of reflection. The mother of poverty, crime, insurrection, and war was inequality of conditions; which was the daughter of property, which was born of selfishness, which was engendered by private opinion, which descended in a direct line from the autocracy of reason.\(^{42}\)

Starting with this philosophical framework, Proudhon can do what Rawls cannot, and that is to build a theoretical framework for society in which all the gears of the apparatus turn in the same direction and support the same function, rather than attempting to force mechanisms to act in ways they inherently cannot. Without such a comprehensive vision, Rawls fails, as Proudhon makes explicit what Rawls cannot accept: A system of private property inherently creates inequality regardless of social freedoms as property works against societal values, invalidating Rawls’ belief in the autonomy of his two principles, as…

…property, in its derivative sense, and by the definitions of law, is a right outside of society; for it is clear that, if the wealth of each was social wealth, the conditions would be equal for all, and it would be a contradiction to say: *Property is a man’s right to dispose at will of social property*. Then if we are associated for the sake of liberty, equality, and security, we are not associated for the sake of property; then if property is a *natural* right, this natural right is not *social*, but *anti-social*. Property and society are utterly irreconcilable institutions. It is as impossible to associate two proprietors as to join two magnets by their opposite

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\(^{41}\) Proudhon, P.-J. *What is Property?* Cambridge: Cambridge University Press, 1994, 79

\(^{42}\) Proudhon, P.-J. *What is Property?* Cambridge: Cambridge University Press, 1994, 80
poles. Either society must perish, or it must destroy property.\footnote{Proudhon, P.-J.\textit{What is Property}? Cambridge: Cambridge University Press, 1994, 95}

Proudhon, nearly in anticipation of Rawls claim that an equal distribution or system of fair opportunities could create a just society, explains that it is private property itself that naturally works towards injustice, as capitalist relations function on unequal trade or profit. This is to say that even if a society started with an equal distribution of goods and wealth, or with the means to achieve them, such a balance would quickly become broken, as the right to profit clearly undermines natural inequalities, as Proudhon explains the failures of those who championed capitalism.

They did not foresee, these old founders of the domain of property, that the perpetual and absolute right to retain one’s estate, — a right which seemed to them equitable, because it was common, — involves the right to transfer, sell, give, gain, and lose it; that it tends, consequently, to nothing less than the destruction of that equality which they established it to maintain.\footnote{Proudhon, P.-J.\textit{What is Property}? Cambridge: Cambridge University Press, 1994, 40}

Proudhon thus argues instead for a system of occupation rather than property as he deduces if it is the right of every man to be alive, then it must also be his right to preserve that life, and equality is the only method. Here again we see a clear difference from Rawls, as the goals of liberalism must exist not only as a starting point for a society but as the force that sustains that society, and as a permanent right of governance for it, and this can only be accomplished through equality in economics as well as in the social and political order that Rawls champions. Proudhon explains,

Not only does occupation lead to equality, it prevents property. For, since every man, from the fact of his existence, has the right of occupation, and, in order to live, must have material for cultivation on which he may labor; and since, on the other hand, the number of occupants varies continually with the births and deaths, — it follows that the quantity of material which each laborer may claim varies with the number of occupants; consequently, that occupation is always
subordinate to population. Finally, that, inasmuch as possession, in right, can never remain fixed, it is impossible, in fact, that it can ever become property.\textsuperscript{45}

For Proudhon the answer is clear: A system of possession where each individual is entrusted with the tools necessary to sustain their life. Here we are offered a system of liberal values unhindered by contradictory economic principle where equality is not only the basis for individual rights but for sustaining those rights through an equal economic system, as Proudhon states,

Every occupant is, then, necessarily a possessor or usufructuary, — a function which excludes proprietorship. Now, this is the right of the usufructuary: he is responsible for the thing entrusted to him; he must use it in conformity with general utility, with a view to its preservation and development; he has no power to transform it, to diminish it, or to change its nature; he cannot so divide the usufruct that another shall perform the labor while he receives the product. In a word, the usufructuary is under the supervision of society, submitted to the condition of labor and the law of equality.\textsuperscript{46}

From here we see that inheritance is impossible and the equal division of land must change as new lives enter the world and children grow up, so they will all have what is truly an equal opportunity in this world, as opposed to the equal opportunity Rawls envisions, which rests on previous inherently unequal relations. Without this system of Rawls’ equality, it is evident that inheritance as well as wealth would reach the point where all land had become property and could be used and destroyed without any concern for future generations. Thus what is necessary is for Proudhon’s economic system of possession in which each family is allowed to use their own space of land to sustain their lives, but are never allowed to damage or destroy it, as it would need to be used by for the same purposes by future generations. In this way, Proudhon has

\textsuperscript{45} Proudhon, P.-J.\textit{What is Property?} Cambridge: Cambridge University Press, 1994, 100

\textsuperscript{46} Proudhon, P.-J.\textit{What is Property?} Cambridge: Cambridge University Press, 1994, 98
incorporated a strong system of environmental ethics through sustainability to complement his system of economic and social justice.

Proudhon’s system offers what *A Theory of Justice* does not: An economically and socially sustainable method of achieving justice. By choosing a path of private property, Rawls makes a society of equality and justice, regardless of the initial social understandings of these concepts, because of the insustainability of their practices, impossible. This is the very reason that a bargaining game would need to exist in a “well ordered society”: Private property created inequalities that were too great. For this reason, in the *Law of Peoples* Rawls brings up the topic of when it is appropriate for the government to intervene and offer redistribution and that is of course when the inequality of economic relations becomes so great that it hinders social relations, proving even Rawls is aware that his second principle violates his first, and that his model is economically and socially unsustainable.

To adhere to the principles of democracy, in justice and equality, private property must be replaced with an economic system that supports, rather than contradicts these principles. This is why Proudhon’s system of possession rather than Rawls’ private property can maximize liberty for all individuals as is apparent in Rawls’ first principle, while a system of private property cannot. Proudhon explains that private property directly contradicts liberty:

> Are you astonished that I refuse to genius, to knowledge, to courage, — in a word, to all the excellences admired by the world, — the homage of dignities, the distinctions of power and wealth? It is not I who refuse it: it is economy, it is justice, it is liberty. Liberty! For the first time in this discussion I appeal to her. Let her rise in her own defense, and achieve her victory.  

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Thus Proudhon must replace the capitalist system of labor as it is based on private property, in which no one can legitimately have a claim but nature, making all property theft, and wages, the robbery of the worker, by the owner. As Proudhon states the problem with wages is,

The price is not sufficient: the labor of the workers has created a value; now this value is their property. But they have neither sold nor exchanged it; and you, capitalist, you have not earned it. That you should have a partial right to the whole, in return for the materials that you have furnished and the provisions that you have supplied, is perfectly just. You contributed to the production, you ought to share in the enjoyment. But your right does not annihilate that of the laborers, who, in spite of you, have been your colleagues in the work of production.\(^\text{49}\)

Here we see that the envy principle of Rawls can make no claim in being justified, as a higher wage for one worker would be an injustice to the other workers who have an equal right to the profits they played an equal part in ascertaining. This negates Rawls’ belief that if one worker could make a business more money than he should deserve more profits, as it is impossible for this work to negate the equal time and necessary work of his coworkers, who without them, such profits could not have existed. Furthermore, we see that it would not be rational for his coworkers to accept an unequal raise in his living standards, simply because they would also be receiving some kind of lesser compensation, as it is a direct violation of justice and equality. For Proudhon then, the only solution will be a system of equal distribution and thus fair trade, as any trade where profit will be involved would be one of fraud and injustice, as no individual would accept a trade knowing they would be receiving an unfair value. Proudhon explains,

A free man is one who enjoys the use of his reason and his faculties; who is neither blinded by passion, nor hindered or driven by oppression, nor deceived by

\(^{49}\) Proudhon, P.-J. *What is Property?* Cambridge: Cambridge University Press, 1994, 93
erroneous opinions. So, in every exchange, there is a moral obligation that neither of the contracting parties shall gain at the expense of the other; that is, that, to be legitimate and true, commerce must be exempt from all inequality. This is the first condition of commerce. Its second condition is, that it be voluntary; that is, that the parties act freely and openly. I define, then, commerce or exchange as an act of society.  

Each individual would do with their land according to the vocation they chose according to the economic demands of their society, and thus, “The price of every product in demand should be its cost in time and outlay — neither more nor less: every product not in demand is a loss to the producer — a commercial non-value.” In this way it is important to note each individuals liberty is maximized as he or she is free to choose of what use they would like to make of themselves, as each career is equally valuable to society, which is in direct contradiction to Rawlsian economics, as individuals in capitalism are not free to choose their vocations, nor to be their own boss unless they are willing to subjugate or reduce the liberty of others, again proving the contradiction of Rawls’ two principle. Proudhon explains,

The various articles of consumption are given to each by all; consequently, the production of each involves the production of all. One product cannot exist without another; an isolated industry is an impossible thing. What would be the harvest of the farmer, if others did not manufacture for him barns, wagons, ploughs, clothes, &c.? Where would be the savant without the publisher; the printer without the type caster and the machinist; and these, in their turn, without a multitude of other industries?

Thus again we see that all members of a society play an equal part, and that any economic inequalities would be unjustifiable. This, on a macro level, again discredits any validation of the envy principle, and proves that a society that engages in capitalism

52 Proudhon, P.-J. What is Property? Cambridge: Cambridge University Press, 1994, 190
cannot achieve equality.

Proudhon also succeeds where Rawls does not in understanding the concept of power and governance, as he explains the problem of government in a capitalist society where everything can be bought and sold:

Now, property necessarily engenders despotism, — the government of caprice, the reign of libidinous pleasure. That is so clearly the essence of property that, to be convinced of it, one need but remember what it is, and observe what happens around him. Property is the right to use and abuse. If, then, government is economy, — if its object is production and consumption, and the distribution of labor and products, — how is government possible while property exists? And if goods are property, why should not the proprietors be kings, and despotic kings — kings in proportion to their facultés bonitaires? And if each proprietor is sovereign lord within the sphere of his property, absolute king throughout his own domain, how could a government of proprietors be any thing but chaos and confusion?53

Whereas Proudhon solves the problem of economics in relation to liberty by replacing private property with fair-trade anarchism, he does the same with government by replacing hierarchy with rule by the people. Thus Proudhon’s social contract is a bit different from the traditional social contract theories, as it does not exist between individuals and government but between individuals and themselves. Proudhon states,

What really is the Social Contract? An agreement of the citizen with the government? No, that would mean but the continuation of [Rousseau’s] idea. The social contract is… the act by which man and man declare themselves essentially producers, and abdicate all pretension to govern each other.54

And here it may be noted, for some may have questioned why the Marxist model of distribution would not just as easily fit to replace Rawls’ second principle in his model of justice, that it is in the conception of power that the Marxist and Proudhonian

54 Proudhon, P.-J. General Idea of the Revolution in the Nineteenth Century, 1851
perspectives differ: Proudhon wishes to abolish all authority, while Marx simply wishes to change authority, which would not escape the problem of power, as Proudhon explains,

Communism is inequality, but not as property is. Property is the exploitation of the weak by the strong. Communism is the exploitation of the strong by the weak. In property, inequality of conditions is the result of force, under whatever name it be disguised: physical and mental force; force of events, chance, fortune; force of accumulated property, &c. In communism, inequality springs from placing mediocrity on a level with excellence…Communism is oppression and slavery.  

Anarchism wishes to clearly establish both individualism and justice, which is a direct negation of inequality in both economy and government, through abolishing private property and instead employing a system of possession, while communism seeks to create a form of community ownership which does not abolish power or property but is part of a proposed historical process in which the innovations of capitalism are now simply controlled by the working class rather than the bourgeoisie, in hopes of one day reaching the freedom and equality that anarchism creates in its premise alone.

With Proudhon’s second extraction, rescuing liberal values from hierarchical power, Proudhon ensures the existence of liberty and justice to be free from the power of hierarchy, and thus enables Rawls first principle of the maximization of liberty for all citizens to reach fruition. Proudhon’s system of anarchism, through a strong conception of equality and liberty is able to achieve what Rawls and liberalism cannot do with their system of private property, which effectively negates the pursuit of liberty and democracy. Proudhon’s society, governed by all through liberty, and run by all through a system of equal trade and possession rather than property is what Rawls and liberalism failed to imagine. If Rawls second principle in A Theory of Justice was replaced by

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Proudhon’s models of power and economic distribution, the values of liberalism would succeed.
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