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## Discussion: Comments on J. Holt, *Requirements of Justice and Liberal Socialism*

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# The Demands of Democratic Ownership

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**Abstract:** This paper considers an argument that justice as fairness requires liberal socialism as opposed to a property-owning democracy. It analyses the arguments for departing from Rawls's principled agnosticism over the choice between liberal market socialism and property owning democracy. It questions the extension of Rawls's fair value guarantee for the political liberties to all liberty and suggests an alternative interpretation of the kind of predistributive egalitarianism represented by a property-owning democracy.

**Keywords:** Socialism, property-owning democracy, liberalism, John Rawls

Rawls claimed that justice is realised by either liberal socialism (henceforth 'LS') or a property-owning democracy (henceforth, a 'POD'). Justin P. Holt, like William Edmundson, thinks that Rawls's agnosticism on this point was misguided (Holt 2017; Edmundson 2017). Justice as fairness *requires* LS: public "control" over the means of production "is an *essential* feature of a fair and well-ordered society" (Holt 2017, 193, emphasis added).

This is clearly a departure from Rawls's views; the question is its motivation. For Holt, democratic citizenship expresses a value of mutual reasonableness that requires nothing less than the public ownership of the means of production. Without this privileged locus of social interactions citizens are "less reasonable [...] due to the lack of the institution of public ownership to act as a mechanism to express the reasonable structuring of people's interests" (Holt 2017, 192). The market must be subordinated to democratic control in this specific way.

As Holt (and Edmundson) note, Rawls justified private property as essential to the expression of the two moral powers, but he also believed that this did not settle the question of who owns the means of production. He at least envisaged a private property society where people could act in a way that reflected a reasonable joint commitment to reciprocity; Holt disagrees. Summarily, my concern is

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that this grounds his view on a controversial conception of the good that is inconsistent with political liberalism.

This emerges clearly in Holt's extension of Rawls's fair value guarantee for the political liberties alone to the 'equal worth' of *all* liberty. The motivation for this departure from Rawls—one that is clearly going to produce a more stringent egalitarianism—is not clear, but I surmise that joint self-realisation requires nothing less. So not placing the means of production under public control would be "contrary to the equal worth of liberty" (Holt 2017, 185). That may well be true on Holt's conception, but he does not explain what justifies this extension of the fair value guarantee.

If there is lurking inconsistency in Holt's view, it is in his agreement with Rawls that there might be a sphere of what Edmundson calls 'petty production' constituted by private firms (Edmundson, 2017, 39).<sup>1</sup> Holt agrees with Rawls that the difference between a socialist and private property economy is one of degree, but I find it hard to envisage how tolerating an extensive sphere of profit-seeking petty production is compatible with the connection Holt envisages between public ownership and the reasonable co-ordination of citizens' claims via a shared structure of public ownership.

I concede to Holt—and to Edmundson—that a proponent of a POD has to address Rawls's surprising remark that a POD may be vulnerable to Marx's charge that private ownership, per se, is the root of the problems faced by liberal constitutional democracies (Rawls 2001, 178). A POD may generate, in Rawls's words, 'political and economic forces' that lead to the actuality departing from the ideal in an unacceptable way. Rawls's scepticism is discouraging, but it is worth bearing in mind another criticism of the view: that while there have been local experiments in workplace democracy, or state wide commitment to welfare state capitalism, there has never been a POD. This point is often made critically; but one might as well reply that when Rawls speculates that such an ideal would fail in actuality—he is, indeed, speculating.

Consider the sentence: 'fire alarms must be fitted on each floor, but especially if smoking is permitted'; if a vulnerability is identified, then it must be mitigated. By analogy, if private ownership of the means of production is permitted, this requires safeguards. Rawls seems to have overlooked that if the main threat to democracy from permitting private ownership of the means of production is the concentration of capital ownership, then the whole point of a POD is pre-emptively to neutralise this threat by breaking up excessive concentrations of capital. When Holt notes that Rawls's 'explicit recommendations' to address the

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<sup>1</sup> Contrast the discussions on pages 186 and 192 of Holt 2017.

threat posed to democracy by concentrate capital involve an ‘insulation strategy’ to keep money out of politics he is being misled by Rawls. Rawls ought to have said that it is a POD that pre-emptively undermines these threats in the first place (Thomas 2017, ch. 4). That was his ‘fair value’ guarantee for political liberty—not all liberty.

Holt’s point-by-point comparison of LS and POD is marred by his mis-characterisation the latter. He does not regard as significant Rawls’s predistributive focus on equalising agents’ endowments prior to their market transactions; Holt calls Rawls an ‘interventionist’ and the mechanisms of a POD ‘redistributive’. In my view, the aim of a POD is to prevent excessive concentrations of capital, not (as Holt argues) to eliminate them entirely. People can save and make productive use of capital—subject to the demands of fair reciprocity—in a POD. Rawls’s preferred system of inheritance also seeks widely to disseminate capital holding whereas Holt claims it eliminates the bequest of wealth entirely.

A property-owning democracy strengthens each agent’s right of exit and thereby strengthens their democratic voice. In this way a POD seeks to make worker managed firms not a privileged locus of democratic expression—hence mandatory on Holt’s view—but a form of association that increasingly autonomous workers will seek out, moving such firms from the periphery to the centre of our economies in just the way that Mill envisaged. But they need not be viewed as a privileged site for the expression of democratic values. Significant workplace autonomy is one value to be balanced against others; of course, this “democratic deficit” must be paid off somewhere. But one need not assume the truth of Joshua Cohen’s version of the requirement that workplaces are microcosmic social forms that must be congruent with the macrocosmic social form of a democratic society as a whole (Thomas 2017, ch. 9).

Rawls sought to eliminate a capitalist class who enjoy a structurally grounded power to dictate the terms of labour to other citizens through their monopoly control of the means of production. His simple expedient is to make every citizen a capitalist; a separate capitalist class no longer exists in either a POD or in LS. Holt is certainly right that Rawls took Marx’s critique of capitalism seriously, but we disagree that Rawls should simply have agreed with Marx that “liberalism cannot maintain the formal equality of citizenship with the actual inequality of actual citizens, at least theoretically” (Holt 2017, 193). So I am not convinced that Holt has demonstrated that LS is the only way to express the value of justice as fair reciprocity.

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