The End of Socialism

Is socialism morally superior to other systems of political economy, even if it faces practical difficulties? In *The End of Socialism,* James R. Otteson explores socialism as a system of political economy—that is, from the perspectives of both moral philosophy and economic theory. He examines the exact nature of the practical difficulties socialism faces, which turn out to be greater than one might initially suppose, and then asks whether the moral ideals it champions—equality, fairness, and community—are nonetheless important enough to warrant attempts to overcome these difficulties, especially in light of the alleged moral failings of capitalism. The result is an examination of the "end of socialism," both in the sense of the moral goals it proposes and in the results of its unfolding logic.

James R. Otteson specializes in political philosophy, the history of economic thought, and political economy. He is the author of *Adam Smith's Marketplace of Life* (2002) and *Actual Ethics* (2006), the latter of which won the 2007 Templeton Enterprise Award. He is also the editor of *The Levellers: Overton, Walwyn, and Lilburne*, five volumes (2003). His most recent book is *Adam Smith* (2013). Otteson is executive director and teaching professor in the School of Business at Wake Forest University, a research professor in the department of philosophy and in the Center for the Philosophy of Freedom at the University of Arizona, and a senior scholar at the Fund for American Studies in Washington, DC.

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For my children
And for the other young souls on
whom civilization will depend

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Preface

Not many people today call themselves, or describe their positions as, socialist. There are a few redoubtable figures—including the initial inspiration for this book, the late G. A. Cohen—but their small numbers might make one wonder why one should bother writing a book addressing them. The answer is that although few people call themselves socialists, a large proportion of people endorse policies—and indeed, a political worldview—that is what I will call *socialist-inclined*. Socialist-inclined policy is that which tends to prefer *centralized* over *decentralized* economic decision making. It also tends to distrust granting local people or communities a wide scope to organize themselves according to their own lights, especially when their decisions conflict with larger, preferred corporate or social goals. It tends to prize material equality over individual liberty and is willing to limit the latter in the service of the former, and it tends to hold that self-interest is either morally suspect or can be eradicated from (or at least significantly diminished in) human behavior by the proper arrangement of political, economic, and cultural institutions. A great number of people, regardless of party affiliation, fall somewhere along those continua in the directions of socialism. The argument of this book applies, therefore, to all those policies, beliefs, and positions that are socialist-inclined, even if not avowedly "socialist."

As a theory of what traditionally was called political economy, socialism is not properly a theory of ethics (let alone metaethics), but neither is it simply a set of policy prescriptions. It is instead a system

of social organization that is inspired by moral concerns but limited by both politics and economics. It aims to inform our social institutions in a way that is properly moral, but at the same time integrated with the facts of both our political situation and our economic reality. Like any other system of political economy, it must meet moral muster: it must, that is, aim to comprehend—or at least comport with—our most important moral aspirations. Yet because it aims at reform of our actual institutions, it cannot ignore the political, economic, and even cultural realities we face. If socialism were to issue in policy recommendations that were politically or economically unsustainable, or that were impossible to implement given central and enduring facts of human nature or of the human condition, or that could be maintained only by morally repugnant means, then these would count against it. They would count against any other system of political economy too.

What I propose to do in this book is to examine the case for socialism as a theory of political economy—in other words, not based purely on its moral aspirations or intentions, or only on whether it "works"—but on whether its moral commitments are the right ones *and* whether the policy prescriptions it entails are practicable.

Proceeding in this way implies criticisms of two other potential methodologies. On the one hand, if one's political philosophy takes no reckoning of its real-world practicability, perhaps on the grounds that such questions belong to some discipline other than philosophy—economics or political science, perhaps—then it has not yet risen to a level warranting serious consideration for reforming actual institutions. On the other hand, if one's policy prescriptions fail to acknowledge a reliance on or reflection of proper moral values, then they, too, do not yet warrant serious consideration. It is only when the connection between morality and policy are not only acknowledged but integrated that one develops a theory of political economy worthy of assessment. Paraphrasing Immanuel Kant, theory without experience is mere intellectual play, whereas experience without theory is blind.

In the following chapters, I therefore examine both parts of the socialist enterprise. But I do so in reverse order. After first describing my use of the term "socialism" (and "capitalism" as well), I then evaluate socialism's feasibility. Before we can know whether the attempt to

instantiate a system of political economy is worth the effort, we need to have an honest reckoning of the difficulties involved, and we need to have a reasonable estimate of both the potential costs and the potential benefits. It turns out that socialism faces formidable obstacles to its implementation and would incur substantial costs. The obstacles and costs are more daunting than one might have expected. Yet being difficult or costly to implement does not by itself defeat a proposed system of political economy, because the proposed system might reflect moral values important enough to justify the attempt regardless. Thus the second part of the book examines the moral values served by, or intended to be served by, socialism and asks whether they warrant the effort despite the difficulties. My examination shows that socialism's moral values are worthwhile in the abstract but lose their attractiveness as they become more specific, as they must to translate into policy. The conclusion I draw, then, is that socialism is a difficult and costly system of political economy that the specific conceptions of its moral values do not justify. That constitutes the end of socialism, then, in both senses of the word *end:* an attempt to implement it will inevitably end in heavy costs to its community, and the philosophical case for socialism ends in failure. Or so I shall argue.

Disclaimer

I have written this book not only for specialists but also for educated lay readers, and in so doing I have sought to strike a balance between addressing the concerns of scholars and remaining intelligible to readers not steeped in the scholarly debates. I realize that this strategy risks disappointing both audiences. Because no book can satisfy all audiences or address all concerns related to its topic, however, I have therefore tended to err on the side of nonspecialist audiences when making the necessary choices about how to frame discussions or which topics not to address. For those wishing to pursue the arguments further or more systematically, I make frequent reference to other sources and discussions.[1] But my goal is to contribute to a larger public conversation about the benefits and liabilities of socialism (and, to a lesser

[1] Please see Gaus 2011, however, which heroically provides perhaps the most complete discussion and justification for a liberal social order that one book possibly can.

extent, capitalism). The United States, like much of the Western world, stands now at a crossroads; which direction it goes will affect not only its current but also its future prospects, including for generations not yet born. To them, and in the sincere hope that they will live lives of freedom, peace, and prosperity, this book is dedicated.

Acknowledgments

In writing this book, I have benefited from reading the work of and having conversations with many people. They include historical figures such as Aristotle, Frédéric Bastiat, Adam Ferguson, Hume, Kant, Locke, Marx, Mill, Albert Jay Nock, Rousseau, and Adam Smith. They also include contemporaries (or near-contemporaries) such as Armen Alchien, Elizabeth Anderson, Richard Arneson, Bradley Birzer, James Buchanan, Art Carden, Henry Clark, Ronald Coase, G. A. Cohen, Harold Demsetz, Douglas Den Uyl, Ronald Dworkin, Richard Epstein, Gerald Gaus, Ryan Hanley, Friedrich Hayek, Max Hocutt, Daniel Klein, Will Kymlicka, Mark LeBar, Loren Lomasky, James McCawley, Deirdre McCloskey, Michael Munger, Robert Nozick, Maria Paganelli, Mark Pennington, Steven Pinker, Benjamin Powell, Douglas Rasmussen, John Rawls, Richard Richards, Russell Roberts, David Rose, William Ruger, Michael Sandel, Debra Satz, David Schmidtz, Peter Singer, Jason Sorens, Thomas Sowell, Cass Sunstein, John Tomasi, and Peter Vallentyne. A special note of thanks goes to some extraordinary students, including Noah Greenfield, who read and commented on the entire manuscript, as well as Josh Halpern, Shmuel Lamm, Mikey Stone, and many other students at Yeshiva University and New York University with whom I discussed ideas in this book. Two anonymous reviewers for Cambridge University Press provided numerous insightful and valuable suggestions, which I have incorporated liberally. I express my sincere gratitude to them all. Of course, I am responsible for any errors.

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