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Reply to Arneson

Abstract: Arneson says that he disagrees both with the main claims of Arneson (1987) and with my criticisms of these in Keat (2009). What is arguably the most important of the former disagreements is left until the final paragraphs, where he declares that he (now) rejects the principle of state neutrality and that we are comrades in believing that good perfectionist arguments for the promotion of meaningful work can be constructed (and may legitimately provide a basis for state action). I am more than happy to be counted a comrade in this respect. But otherwise I disagree with much of what he says in his response: I not only continue to support the criticisms I made in Keat (2009), but also disagree with another of Arneson's main criticisms of Arneson (1987). So I shall both defend myself from his objections, and defend Arneson from his own.

1. The (Supposed) Non Sequitur

Arneson says there is a major non sequitur in Arneson (1987), since from the fact that (1) "the state should not give privileges to some individuals on the bogus ground that their preferences are more worthy than other individuals' different preferences", it does not follow that (2) "the state ought not to interfere with a well-functioning competitive market distribution in order to help some individuals gain a greater degree of satisfaction of their preferences for meaningful work" (Arneson 2009, 138). But although (2) does indeed not follow from (1), I see little evidence of this non-sequitur in Arneson (1987).

From Arneson 2009's discussion of (2), it seems that what he mainly has in mind is state intervention aimed at rectifying unjust inequalities in the distribution of welfare by providing worse-off groups or individuals with greater opportunities for meaningful work (if that is what they want), something which he now supports. It is true that Arneson (1987) never says that 'providing more meaningful work' could be an effective and legitimate way of reducing unjust inequalities in 'the benefits and burdens of economic life' (as he often puts it), which is instead presented as something to be achieved through the redistribution of income or property. But it is far from clear that this limitation, as he now regards it, was due to an invalid inference from (1) to (2): an alternative explanation might be that Arneson (1987) overstated the extent to which money and work are substitutable goods. In any case, the central thesis of Arneson (1987) is surely that whereas distributive justice is a fundamental and legitimate aim of state policy, the ‘privileging’ of certain kinds of preferences or conceptions of the good is not (and that socialism should hence abandon any commitment to the latter). Amending what is said there about how distributive justice can and should be achieved is a relatively minor matter, which does not affect that thesis.

There is nonetheless some potential for confusion here. The basic distinction that must be kept in mind is between: (1a) state action that favours the satisfaction of a certain *kind of preference* (or preferences with a certain kind of ‘object’), because of the kind of preference it is, and (2a) state action that favours the satisfaction of certain *people’s* preferences (whatever kinds of preference these may be), because these people’s level of preference-satisfaction is too low. (1a) involves what Arneson (1987) often calls ‘privileging’ certain preferences; (2a) does not. (In a different sense of ‘privilege’, (2a) counters the ‘under-privileged position’ of certain people or groups.)

Although the distinction is clear enough, it is easily obscured in certain locutions. For instance, Arneson (2009) says that: “Arneson (1987) claims that the pluralist perfectionist and the welfarist should agree that the just market socialist state should *neither promote nor hinder meaningful work*.” (144, italics added) The italicised phrase is potentially ambiguous as between (1a) and (2a); the ambiguity would be removed, and the appropriate meaning signalled, by adding ‘for reasons other than justice’, or ‘on the grounds of meaningful work’s value’. The potential for confusion is not helped by Arneson’s tendency to use the term *fairness* (or *unfairness*) in relation to both (1a) and (2a), although the term *justice* is applied only in relation to (2a), i.e. to distributive justice. Confusion might best be avoided by (stipulatively) restricting ‘fairness’ to (1a) alone.

2. Neutrality of Outcomes or Justification

Arneson (2009) represents my argument against the principle of neutrality as consisting essentially in the claim that neutrality is impossible to achieve and hence cannot be morally obligatory. This argument fails, he says, because it depends on defining neutrality in terms of effects or outcomes, when it should instead be defined in terms of intentions or justifications. I agree that my argument (which strictly speaking was ‘only’ that *markets* cannot achieve neutrality, but I am happy to accept the generalisation) depends on this. But I do not accept that neutrality is best defined in justificatory rather than outcome terms, since I cannot see why anyone should think that policies that fail to be outcome-neutral in some respect are morally acceptable provided only that they are not intended to have this effect or could be justified without reference to its supposedly superior value.

If what we are concerned with is ‘respecting people’s preferences (equally)’, ‘treating preferences fairly’, ‘not privileging some over others’ etc., why should the fact that the institutions which the state supports make it much easier for some preferences to be satisfied than others only matter, morally, if they have been introduced for this purpose, or could only be justified by 'superiority' claims? Instead, I would argue, political communities should accept collective responsibility for the foreseeable effects of institutional arrangements which they have the ability to control, and this applies just as much to issues about 'goods' as it does to issues of justice.

Furthermore, I would suggest, neutrality is (implicitly) characterised in outcome rather than justificatory terms in Arneson 1987's claims about market economies. When he says there that the market is an institution which satisfies the welfarist principle of fairness (i.e. of neutrality), he does not say that the market is not *intended* to favour or privilege some kinds of preferences over others, nor that it is possible to *justify* it without appealing to judgments about their respective value. Rather, he talks of market economies as 'preference-respecting', as treating preferences 'fairly', as not 'privileging' some over others, etc.. In doing so, I take him to be claiming that markets operate in such a way that it is no easier for some kinds of preferences to be satisfied than others; that there is no 'institutional discrimination', as it were.

Of course, in market economies some *people* will find it easier to satisfy their preferences (whatever they happen to be) than others (with the same preferences), and this may well be unjust, but that is a separate matter. More importantly: some preferences will be more expensive or costly to satisfy than others, and the market resolves this problem by 'charging' people the market price. If it did not do so, there would be *unfairness* in the form of *inefficiency*. Here I allude to the rationale for my recourse in Keat (2009) to certain elements of Dworkin's view of markets, efficiency and fairness in reconstructing the argument in Arneson (1987). I recognise that, as Arneson now points out, Arneson (1987) is non-Dworkinian in its welfare- rather than resource-based conception of justice, but I am not persuaded that this particular 'borrowing' from Dworkin would commit him to that resource-based position.

3. Neo-classical and Institutional Economics

Arneson rejects my claim that the position taken in Arneson (1987) "would be seriously undermined if market economies were better understood [...] in institutional rather than neo-classical terms". I accept that the phrase 'understood in neoclassical/institutional terms' was at best vague and possibly misleading. But I did not attribute to Arneson (1987) the view that *actual* (capitalist) market economies are efficient, as he appears to interpret me as doing. Clearly, Arneson 1987 claims 'only' that *ideal* markets are efficient: that actual markets are likely to depart from this ideal in various ways is fully recognised, and the significance of these departures for 'fairness to meaningful work preferences' is analysed in considerable detail.

However, it is crucial for Arneson (1987) that actual markets can come sufficiently close to ideal ones for their use to be a reasonably effective institutional means for implementing the principle of neutrality. Otherwise, state intervention to correct the deficiencies of actual markets, and hence to bring their outcomes into line with neutrality, would be far too extensive and complex for the market to be deemed a suitable institution for neutralist (welfarist) purposes. And Arneson 1987 (rightly) insists that neutrality (or 'the welfarist principle of fairness') is only an acceptable basis for public policy if there is some viable institutional means for its achievement.

My main criticism of Arneson (1987) was (and remains) that the market is *not* a viable institution for achieving this neutralist goal (and specifically, not in the case of meaningful work). I argued for this not by questioning whether actual markets could come sufficiently close to the ideal of efficiency, but by arguing: that any actual market economy must take a specific institutional form; that there is a variety of such possible forms; and that these differ from one another in the kinds of preferences they make it easy or hard for people to satisfy and, in particular, that meaningful work preferences are more easily satisfied in CMEs than LMEs. These different kinds of market economies therefore do not 'respect preferences equally'; they do not (and cannot) satisfy the principle of (outcome) neutrality.

Now it might be objected to this argument that these 'different kinds of market economy' can and should be compared in terms of the extent to which, and the ways in which, they depart from the neo-classical ideal market, and hence from its efficiency and (in Arneson 1987's view) neutrality. On the basis of such comparisons, it might then be claimed, for example, that LMEs are closer to the ideal form than CMEs, in those respects relevant to meaningful work, and hence that this kind of preference is being 'subsidised' in CMEs, and not in LMEs. In Keat (2009) I tried to deal with this kind of objection by suggesting that because of the different (institutionally generated) 'costs' of meaningful work in LMEs and CMEs, one could not appeal to a system-independent criterion of efficiency to make such comparative judgments. Whatever the merits of this suggestion, it is clear that my argument against Arneson 1987's 'defence' of the market's neutrality essentially depends on rejecting the adequacy of the neo-classical concept of efficiency as the criterion of neutrality (an issue that Arneson does not address in his response).

This, of course, is not the same as 'rejecting the neo-classical understanding of *the market*'. However, the argument *does* depend on an institutional understanding of market economies in that, without the theoretical framework of an institutional economics, it would not be possible to recognise, and to explain why it is, that there are more possibilities for meaningful work in CMEs than in LMEs, and hence that it is easier to satisfy meaningful work preferences in the former than in the latter.

I would add to this another (and related) virtue of institutional economics. Once we accept (as both I and Arnesondo) that perfectionist considerations have a legitimate role in guiding state action, we not only have to re-engage with the kinds of debates about human goods that have been central to the socialist tradition, but we also need economic (and more generally, social) theories that enable us to evaluate different economic systems in goods-related terms (see Keat 2008). Institutional economics, I suggest, is better suited to this task than neo-classical economics, because of its greater conceptual capacity to identify the specific features of economic systems that are ethically relevant.

Bibliography

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