

Appendix 2. The Dictionary and Thesaurus of Basic Terms

The definitions and synonyms proposed below to rectify the rampant ambiguities do not beg any of the questions that confront us nor prejudice the positions we may take on any of the issues with which we shall try to deal. All the definitions are in accord with twentieth-century facts.

CAPITALISM Used descriptively, this word refers to a capital-intensive vs. a labor-intensive economy, or a technologically advanced industrial economy. In this meaning, the economy of the Soviet Union is capitalistic as well as that of the United States. In this meaning, the economy of Tibet is not capitalistic.

PRIVATE-PROPERTY CAPITALISM A capital-intensive economy in which capital instruments or instruments of production (all the nonhuman factors in the production of wealth) are privately owned and operated by individuals and by corporations as private associations. This is also called free enterprise and free-market capitalism. Here there are private capitalists as well as workers who are not employed by the state. In varying degrees, this is also decentralized capitalism and may involve some mixture of state ownership and control of capital resources with private ownership and control of capital resources. This is why it is sometimes called a *mixed economy*.

MARXIST COMMUNISM A capital-intensive economy in which all capital instruments are owned and operated by the state. Private ownership of the means of production is abolished. Except for the family, there are no private as-

sociations. It is both state capitalism and a totalitarian state, with almost complete centralization in both the economic and the political sphere. Here the state is the only capitalist, and all workers are employed by the state.

SOCIALISM The goal common to all forms of socialism can be stated as the participation by all in the general economic welfare of the society in which they live. Such participation consists in being able to earn a decent livelihood to which everyone has a right, though some who are unable to do that through no fault of their own should receive welfare benefits from the state.

Often misused as a synonym for Marxist communism (*see above*), this misuse must be corrected. There are many forms of socialism; Marxist communism is only one of them. All forms of socialism tend to concur in the ultimate economic goal, differing from one another in the means and methods by which they seek to achieve that goal.

A society achieves the goal of socialism to the extent that it has no seriously deprived members or economic have-nots. All are economically equal insofar as all are economic haves at the baseline of a minimum decent livelihood. Among the haves, some will have *more* and some will have *less* in proportion to the degree of their contribution to the production of wealth and the general economic welfare of the society. A synonym for any society that is, in one way or another, socialistic is a welfare state.

POLITICAL DEMOCRACY A constitutional form of government, with universal suffrage, and thus with all having the right to be governed with their own consent and all having political liberty. In addition to universal suffrage (restricted by the disfranchisement only of infants, hospitalized mental incompetents, and imprisoned felons), a democracy secures for all its citizens their natural, human, and unalienable rights. It is also a form of representative government in which there are free elections for public office in which at least two parties are contestants.

CLASSLESS SOCIETY As contrasted with all the class-

divided societies of the past, a future classless society (since none exists at present) is a society in which only differences in degree prevail and there is no division of society into classes that are different in kind, not in degree. In such a society all are political and economic haves and none (with justifiable exceptions) are political and economic have-nots. A classless society combines democracy in the political sphere with socialism in the economic sphere, but not if the socialism takes the form of Marxist totalitarian communism.

FORMS OF CAPITALISM One form is what Marx called "bourgeois capitalism." This is the laissez-faire capitalism in which capital is owned by much less than 10 percent of the population, and in which nonunionized labor is paid a subsistence wage. It is unsocialized capitalism.

In contrast to bourgeois capitalism, the socialized capitalism of the welfare state or mixed economy achieves the socialist goal with varying degrees of success. Though Marxist communism (state capitalism) is a form of socialism, it differs from socialized private-property capitalism on many points of justice and expediency. It also differs with respect to private ownership of capital, with respect to free associations and free enterprise, and with respect to its efficiency in producing consumable goods that are elements in the standard of living.

The various subforms of socialized capitalism differ from one another with respect to the number of workers who benefit from the earnings of capital, either directly or indirectly; with respect to the standard of living they are able to maintain; and with respect to their efficiency in the production and distribution of wealth.

ADDENDA To **socialize** an economy is to decrease the number of economically deprived persons or families, where deprivation means *having less than the minimum* needed for a decent livelihood (not to be measured in terms of money, but in terms of economic goods and services).

To **capitalize** an economy is to increase both the amount of capital it has available for use in the production of wealth

and also the number of its members who are owners of capital and derive either all or a portion of their income from the earnings of capital.

Appendix 3

NOTE: The following discussion of economic equality and welfare, democracy and socialism is taken from Chapter 12 in my book *The Common Sense of Politics* (1971), no longer in print.

I

In the preceding chapter, I argued for the proposition that economic deprivations can prevent men from being good citizens but should not be made the reason for depriving them of citizenship. I turn now to the other face of that same proposition, which declares that economic equality is indispensable to the effective operation of political equality; or, in other words, that economic and political democracy must be conjoined in order to realize the ideal of the just state and just government.

While the democratic constitution creates a *de jure* government that, in terms of purely political institutions, is perfectly just, it does not by itself create a perfectly just state; nor is democratic government itself perfectly just unless it establishes economic as well as political equality. If democracy is conceived as doing political justice and only that, then that is not enough. With economic justice overlooked, it cannot do complete justice. Worse, in the absence of economic justice, political democracy is itself an illusory achievement.

Economic justice and equality are, in principle, akin to political justice and equality. To understand this is to understand how economic and political democracy involve parallel institutions. As the politically democratic state is the politically classless society, so the economically democratic state

is the economically classless society. As the politically classless society is one in which there is no division between a ruling class and a subject class, that is, those who are citizens with suffrage and those who are wards of the state, so the economically classless society is one in which there is no division between haves and have-nots, that is, between those who have the economic prerequisites for citizenship and for the pursuit of happiness and those who are deprived of them.

We are thus led to the conclusion that political democracy cannot be effectively established unless government so controls and regulates the economy that economic inequalities do not make a travesty of the political equality that is instituted by universal suffrage.

Before going on to the question of what controls and regulations are needed to achieve economic equality, it is necessary, first, to be sure that we understand economic equality as a realizable, not utopian, ideal. It is utopian to the extreme of being manifestly absurd if it is conceived as consisting in an arithmetically determined, quantitative equality of economic goods or possessions. While that is beyond any possibility of achievement, and, in addition, may for many reasons be inherently undesirable, there is nothing impracticable about the ideal when it is conceived, in qualitative terms, as consisting in every man's having all the economic goods and conditions that he needs in order to make a really good life for himself.

I have elsewhere enumerated the economic goods and conditions that are components of a really good life. While that enumeration may not be exhaustive, it suffices to delineate the range of goods required for an effective pursuit of happiness:

A decent supply of the means of subsistence; living and working conditions conducive to health; medical care; opportunities for access to the pleasures of sense as well as to the pleasures of play and aesthetic pleasures; opportunities for access to the goods of the mind through educational facilities in youth and in adult life; and enough free time from subsistence work, both

in youth and in adult life, to take full advantage of these opportunities.

Unless the individual has either income-producing property or purchasing power through other forms of income (wages, salaries), he will not have the economic goods he needs for the pursuit of happiness—things that are goods not only because they maintain his life and health, but because they facilitate his acquirement of other goods, especially the goods of leisure, the goods of mind and character that are related to the exercise of suffrage. Since every man is under a moral obligation to make a really good life for himself, and since this underlies his basic natural right to the pursuit of happiness, a just government and a just state are under the reciprocal obligation to promote every man's pursuit of happiness by doing what they can to facilitate or ensure the possession of the requisite economic goods by all. They discharge this obligation by whatever measures or institutions promote the general economic welfare in such a way that every man has *at least the indispensable minimum* of economic goods that he needs for a good life. When this is the case, then all men are economically equal—equal in the sense of each *having* what he needs. They are all haves; none is a have-not, an economically deprived person, prevented by economic deprivation from leading a good life.

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The foregoing exposition calls for three comments. First, the economic equality that consists in *all men having* and *none being deprived* of the requisite economic goods is established when every man has at least the *indispensable minimum* he needs, not when every man has the *identical amount* of economic goods or possessions. This is tantamount to saying that two men are economically equal if both have the indispensable minimum, though one has considerably more than the other. In relation to the pursuit of happiness, the man

whose possession of economic goods exceeds the indispensable minimum by a vast amount may suffer serious moral and other disadvantages, disadvantages almost as severe as those suffered by the economically deprived.

I have explained elsewhere how a life may be ruined by an excess of good fortune as well as by an excess of bad fortune. A superfluity or abundance of goods can militate against success in the effort to make a good life. It takes an almost heroic strength of character to resist the seductions of ease and affluence. Hence it might not be utterly far-fetched to think that a just government, in discharging its obligation to promote the pursuit of happiness by all, should take measures to limit the possession of economic goods to a *reasonable maximum*, even as it should take measures to ensure the possession of economic goods to an *indispensable minimum*. However, the protection of rights is one thing and the enforcement of virtue is another. The latter is not the province of government.

In any case, the difference in the degree to which individuals possess economic goods when all have at least the indispensable minimum may result in an inequality of power that jeopardizes their political and their economic equality. The possession of great wealth, vastly in excess of the indispensable minimum and greatly exceeding the amount possessed by most men, in addition to endangering the pursuit of happiness by the few who have such vast estates, confers inordinate power on them which they may be tempted to use in ways that militate against the common good. Hence justice may require the setting of a reasonable maximum to protect the common good against the eroding effects of self-serving interests, but not to protect individuals from the misfortune of excessive wealth.

Second, the foregoing enumeration of economic goods, even if not exhaustive, includes more than is needed for good citizenship, though not more than is needed for a good life. Of the goods enumerated, I would select and stress the fol-

lowing as being of critical importance for an intelligent and effective exercise of suffrage and for active participation in political life: first and foremost, a decent supply of the means of subsistence; that, supplemented by opportunities for access to the goods of the mind through educational facilities in youth and adult life, and sufficient free time from subsistence work, not only to take advantage of these opportunities, but also to engage in political activity. These, taken together, would provide the economic conditions indispensable to political participation. Hence, in relation to citizenship, men who have these indispensable economic goods are, for political purposes, economically equal. To which the proviso must be added that no one should be permitted to accumulate wealth to an extent that confers an inordinate power to serve private interests in contravention of the common good.

Third and last, the foregoing enumeration of economic goods omits or glosses over one consideration that must be taken into account in relating economic to political equality. I said earlier that the individual may have the economic goods he needs for the pursuit of happiness *either* through his possession of income-producing property (his ownership of capital, the means of production) or through his having, through other means, equivalent purchasing power to obtain these economic goods. From the point of view of the good life, the difference between having income-producing property and having its equivalent purchasing power through other forms of income is negligible if both provide the indispensable minimum of economic goods needed for the pursuit of happiness. But from the point of view of economic equality in relation to political equality, the difference may be far from negligible.

The difference between owning income-producing property and receiving an income from any other source is the difference between being independent of and being dependent on the will of others for one's means of subsistence. This remains true in some measure even when the wage earner's interests are secured or protected by welfare legislation and by the power of labor unions. It is relevant to recall at this

point that the philosopher Immanuel Kant made economic independence—independence of the will of others in gaining one's livelihood—an essential condition for active citizenship. Those whom he regarded as, in one way or another, economic dependents, he relegated to passive citizenship or subjection. Hence a politically significant economic inequality may still exist in a society in which some of its members, usually a relatively small number, derive their income from their ownership of the means of production, while the rest derive their income solely from the wages of labor, even though both groups are equal in all other respects, that is, they have at least an indispensable minimum of other economic goods

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. . . State capitalism, or communism, as two leading ex-communists—John Strachey and Milovan Djilas—have observed, substitutes a new class of concentrated “owners” and operators of capital for the concentrated private ownership that existed under bourgeois capitalism. The new class comprises the bureaucrats of the state, in whom economic power is not only concentrated but also united with political power. In consequence, a communist society, so long as its government remains a dictatorship of the Communist party in the name of the proletariat, is hardly a classless society, either economically or politically. Though it may be a welfare state, it also tends to be a totalitarian state, in which there is and can be little or no political liberty, even though it is nominally a republic with a constitution and with citizenship.

We are, therefore, left with only two economic systems as ways of achieving the economic welfare and equality for all that is indispensable to political equality and freedom for all. One is the mixed economy; the other, universal capitalism. Both are socialistic in their aims, and both are opposed to bourgeois capitalism and to state capitalism (communism) as means.

The mixed economy has the advantage of so far appearing

to be a feasible economic system. In contrast, the feasibility of universal capitalism must remain an open question until it is tried and tested. In principle, however, universal capitalism is designed to achieve a greater measure of economic equality, though perhaps not a greater measure of economic welfare, for all. In the mixed economy, the division between owners and workers still persists, with a small portion of the population having a degree of economic independence that the rest do not possess. In addition, the mixed economy can operate to achieve general economic welfare for all, and some measure of economic equality, only by making the central government the agency for redistributing wealth, so that those without income-producing property nevertheless have sufficient purchasing power. In consequence, it tends to concentrate economic and political power in the hands of the central government and verges toward the totalitarianism of state capitalism.

On these counts, the untested possibility which I have called universal capitalism is to be preferred. It is in no way inimical to political democracy, as state capitalism certainly is, and as the mixed economy might become. It would appear to be the economic system best able to achieve the combined ideals of economic and political democracy—the economically and politically classless society.

If universal capitalism should turn out not to be feasible, and if no fifth alternative can be devised, then the mixed economy, with all its inherent conflicts, would appear to be the only system that can achieve some measure of economic welfare and equality, and achieve it in a manner that is compatible with the preservation of political liberty. Should the mixed economy be our only available and feasible means, then the process of socialization must be carried further to eliminate poverty, to ensure the indispensable minimum of economic goods for all, and to set a reasonable maximum for the acquirement of wealth. In addition, a working balance of power must be maintained between the private and public sectors of the economy to prevent an excessive concentration

of economic power in the hands of the central government, while at the same time giving the central government the authority it needs to regulate the private sector for the general economic welfare and the common good.

Appendix 4

NOTE: The following commentary on binary economics and the diffusion of private ownership of equities in capital, relevant to current economic reforms in Eastern Europe, was written by Professor James O'Toole in the Graduate School of Business Administration at the University of Southern California in Los Angeles.

REMAKING EASTERN EUROPE'S ECONOMIES À LA KELSO'S AND ADLER'S "UNIVERSAL CAPITALISM"

In their influential 1958 book *The Capitalist Manifesto*, Louis Kelso and Mortimer Adler advocated "a capitalistic redistribution of wealth to preserve our free society." Some twenty years later, the Congress enacted their proposal, in part, as Employee Stock Option Plan (ESOP). Today, a few reformers in Eastern Europe and the Soviet Union appear to be reexamining Kelso's and Adler's "universal capitalism" in their search to create economic systems that are both free and fair. Ironically, rigid ideological thinking in Washington and on Wall Street may hinder the application of this creative solution to their difficult problem. For example, a Bush Administration official recently surveyed the condition of Eastern Europe's state-owned enterprises in which he found outmoded technology, obsolete products, unskilled management, dispirited workers, and the absence of development capital—and concluded that the task of remaking the economies of the Soviet Bloc was as hopeless as "turning geldings back into stallions."

Certainly, the administration is not alone in this depress-

ing conclusion. The Friedmanite gnomes of Wall Street also argue that it is impossible to turn the existing command-and-control structures into modern, market-driven economies; hence, they conclude that the only practical course is to impose an astringent shock of undiluted market deregulation coupled with an immediate sell-off of state-owned enterprises to domestic entrepreneurs or foreign speculators. Of course, they recognize that this will create massive unemployment, high inflation . . . and subsequent political unrest. But they trust that this volatile situation will be only temporary, thus avoiding the kinds of tyrannical military "solutions" that have been imposed countless times in similar situations in Eastern Europe in the past.

Unfortunately, there are major obstacles in Eastern Europe to the three standard, Wall Street-approved approaches to transforming state-owned systems into market economies based on private ownership.

First, Western-style "privatization" is a pipe dream. Selling off state-owned industries to domestic capitalists is impossible for the simple reason that there are no capitalists or capital to speak of in Eastern Europe.

Second, selling nationalized enterprises to foreign investors is a non-starter because (a) few foreign companies are interested in purchasing marginally profitable state collectives, and (b) Eastern Europeans are reluctant to sell their few productive business to foreigners.

Third, there is little enthusiasm anywhere in Eastern Europe for the "cold turkey" and "get tough" free-market prescriptions now being offered by the American financial community (for example, closing down all currently unprofitable state-owned industries and eliminating the costly welfare benefits that are the East Bloc's single social accomplishment). Even the most resolute anticommunists like Lech Walesa are unwilling to swap Marx for Michael Milken and Lenin for Milton Friedman.

Given this reluctance to leap from the frying pan of Marxist communism into the fire of survival-of-the-fittest capital-

ism, Americans must begin by acknowledging that, if we wish to have any influence at all on the future of Eastern Europe, our traditional free-market solutions may need some creative modifications. Our search for fitting solutions must begin by seeing the world through Eastern European eyes. First, we must recognize that nearly everyone in the East Bloc desires the freedom, efficiency, and material benefits derived from market economics, yet, at the same time, few have any appetite for the unemployment, homelessness, and poverty amid plenty that arise from unrestrained Reaganism and Thatcherism. Eastern Europeans admire much about America and Britain, yet relatively few of them wish to emulate us. Instead, most prefer the "softer" social democratic systems found in Scandinavia, West Germany, and Austria (welfare states which, on most "hard" economic indicators, are increasingly outperforming the the relatively unfettered free-market systems found in the US and the UK).

Clearly, most East Europeans see things a little differently than we do. After all, these are countries now led by idealistic playwrights and shipyard electricians, as opposed to the practical lawyers and MBA's who dominate the U.S. national administration. For example, while recently undertaking research in Hungary. I admit to having come across a handful of highly vocal Friedmanite economists (whom the American press never tire of interviewing), yet the recurrent theme one hears in the living rooms and coffee shops of Budapest is sung in a different, nonideological key. Here is how a Hungarian entrepreneur—call him Imre—explains how Eastern Europeans hope life will be after communism:

Under the Soviet system, no one gets rich. To us, that is stupid. Under American capitalism, some get very rich, but others remain very poor. We don't think that is fair. But in Finland and Sweden, everybody gets rich. Now, to Eastern Europeans, that sounds smart and fair!

To Americans, that may also sound a bit utopian. But, according to Imre, it also explains why America is not as

influential as Western Europe in the current efforts to redesign the East Bloc economies.

We have a complex problem here in Mitteleuropa that will require a creative solution. But you Americans try to solve problems with ideologically "correct" solutions. While the Russians are getting better about looking to Marx for the "answers" to every problem. Americans are getting worse about adhering to the gospel of Adam Smith. One thing we have learned during these miserable last forty years is that creativity and ideology are incompatible.

What does Imre mean by a "creative solution" to the economic crisis in Eastern Europe?

There are several ways we could go. For instance, we could take all of Hungary's numerous and diverse state-owned businesses and turn them into public enterprises, each of which would issue shares of common stock. Then, the government could issue a diversified portfolio of these stocks to every Hungarian citizen, with perhaps 20 percent of each portfolio in shares of the company where the citizen works.

But wouldn't that be giving the companies away?

Not at all. Marxist constitutions claim that the people own the means of production. So this would merely bring the rhetoric of "social ownership" into reality. The people really do own those enterprises, so it is in no way a gift if they can now buy and sell them. In fact, it would simply grant title to property that is already theirs but which the state had appropriated and misused.

Imre argues that, in this fashion, there would be a more equal distribution of wealth in Hungary than in any nation in the world, communist or capitalist. And not only would this meet the people's desire to create a just system out of the ruins of communism, it would create irresistible pressures for industrial efficiency:

Since shareholders would want their companies to be profitable in order to pay high dividends and wages—and for the stock

to increase in value—the owners and workers would demand that their companies be well managed. Thus, by making everyone a capitalist, we remove the problem of social tension that would be created if only some people benefited from the transition to a market economy; and, at the same time, we would gain the support of everyone for efforts to increase efficiency—even if that meant creating some unemployment or closing some factories, neither of which would be politically acceptable to our people under the envy-creating scenarios we are being fed from America.

But how does the Hungarian government make money on the deal, so they can pay back their enormous foreign debt? “Simply by taxing the corporations, workers, and owners—just as in America!” And what happens to the goal of equality when the people start to sell their shares? Imre suggests that there might be a short-term moratorium on the sale of shares while a stock exchange was formed and people were educated about the realities of stock ownership.

Then, we must recognize that people are not equal. Some will sell their shares and lose money, others will buy and gain. All the government can do is give them the same starting opportunities—which is something that you still fail to do in Britain and America. Under this system, everyone would be given equal wherewithal to start: after that, it would be up to them what they make of it. However, most people are conservative in this part of the world, and would likely hold their shares—at least for long enough for our industry to have become competitive internationally, and for our emerging entrepreneurial sector to have grown large enough to take the burden of growth off the formerly state-owned enterprises. When that happens, we’ll be affluent enough that our people will be able to tolerate the inevitability of a little inequality.

It is clear that Imre has in mind other countries besides Hungary for his proposal:

Poland, Czechoslovakia—even the Soviet Union itself! Perhaps we should call the system People’s Capitalism to make it more

acceptable to those who have grown up under socialism. And you can call it a giant ESOP to make it palatable in America! But, then, this would be a truer capitalism than you achieve with your ESOPs, wouldn't it? It would be capitalism for all, and not just a nice pension plan for a few workers. You Americans claim that capitalism is good for the rich, so wouldn't capitalism enjoyed by everyone be an even better system? If we were to succeed in creating a system that is both free and fair, wouldn't it be ironic if, someday, America might even imitate us?

Of course, there are countless "Imre's" in Eastern Europe, men and women using their new freedom to find creative solutions to their imposing problems. The issue for Americans is whether we will play a meaningful role in this significant process, or be seen as irrelevant. Will the opportunity to help shape the "New Europe" pass us by because we were too obsessed with trying to reconstruct ideologically "correct" Wall Street stallions?

Appendix 5

NOTE: The following statement of the ideal of the classless society is taken from Chapter 13 of my book *The Common Sense of Politics* (1971), no longer in print.

I

We have seen why a just state must be both politically and economically classless; for the division of a population into a ruling and a subject class, or into haves and have-nots, is an unjust treatment of equals. With this understood, we pass to the question whether a just state must also be socially classless; and as soon as the question is asked, we are aware that it is both different from and more difficult than the problem of political classlessness and the problem of economic classlessness.

From the point of view of justice, the only political class division that is significant is that between a ruling class and a subject class; the only economic class division that is significant is that between men who have the prerequisites for citizenship and the pursuit of happiness and those who are deprived of them. But when we approach the question of social classes from the point of view of justice, we can think of no class division that has parallel significance. On the contrary, we are confronted with an innumerable variety of social class distinctions, none of which seems to be relevant to the basic problems of a normative political philosophy.

Our problem, therefore, must be restated as follows. Are there any other class distinctions, over and above the two just mentioned, of significance from the point of view of perfecting the justice of the state and of government?

The answer to that question, in principle, is contained in the notion of factions. When social classes are opposed in their interests and when this opposition converts them into political factions, then the existence of such classes as factions in conflict becomes significant from the point of view of justice. To explain their significance, I am going to use as my model the economically based class distinction between the rich and the poor, the haves and have-nots.

From the beginning of political history in the West, right down to the present, the basic class conflict in society has been between these two factions. Karl Marx did not discover class conflict in the nineteenth century. Plato, in the fifth century B.C., observed that there are always two cities, not one, the city of the rich and the city of the poor, and they are forever at war with one another. The discussion of revolution in Aristotle's *Politics* centers mainly on this class conflict. When we come down to the eighteenth and nineteenth centuries, we find the same predominant concern with the conflict between these two factions in society. James Madison's discussion of this problem in the famous tenth *Federalist Paper* will help us to relate class conflict to a principle of justice other than the principle of equal treatment for equals.

Madison made two assumptions that had the look of truth in his day, but no longer need be granted. The first was that factional conflict cannot be eliminated from society, certainly not the conflict between the rich and the poor. The second was that the ever-present conflict between these two factions is a conflict between the few and the many, the rich being the minority and the poor the majority.

Though Madison himself did not use the phrase "tyranny of the majority," he had that notion in mind when he sought to protect the minority faction against self-interested legislation on the part of the majority faction. That phrase was later introduced by Alexis de Tocqueville and John Stuart Mill; and the same essential point is involved in one of the major objections raised by the philosophical anarchists against the state and government, namely that it always involves the tyranny of a faction—in their view, always a minority faction. From the point of view of justice, it makes no difference whether the tyrannical faction is a majority or a minority. What makes the faction tyrannical is the same in both cases.

As we observed earlier, tyranny, in the strict sense, is the government of persons as if they were things, thus reducing them to the status of slaves totally without rights. When we speak of factional tyranny, we are not using the term "tyranny" in this strict sense but are extending it to cover any exercise of power for the self-interest or good of the party in power, rather than for the common good of the community and all its members. Hence when the faction of the rich has predominant power in the state and exercises it for its own self-interest, rather than for the common good, we have the tyranny of a minority. Similarly, when the faction of the poor comes into power through being a majority of the electorate, and exercises its power in self-interested ways that do not serve the common good, we have the tyranny of a majority.

Factional tyranny, thus defined, involves the injustice that consists in acting for a special interest as against the common good.

The factional tyranny that chiefly concerned the conservatives or the reluctant democrats of the late eighteenth and the nineteenth century (Madison, Tocqueville, John C. Calhoun, and Mill) was the tyranny of a majority—the masses that were just then beginning to achieve political power through the extension of the suffrage. Assuming, as Madison did, that factional conflict could never be eliminated, they tried to devise ways of circumventing its injurious effects. Upon examination, their proposals turn out to be nothing but ways of circumventing the will of the majority, for good or ill.

The Federalist's advocacy of representative government as against direct democracy, and the proposal of such things as the Electoral College and the indirect selection of senators, were aimed at restoring the power of the minority to check that of the majority. Calhoun's proposal of a concurrent majority would, if adopted, have had a similar effect, for it would give a nonconcurring minority the power to interpose a nullifying veto on the will of the majority. Mill's proposal of plural voting and of minority representation were aimed in the same direction.

From the point of view of justice, the problem of factions cannot be solved by such proposals, which do no more than try to shift power from the majority to the minority, or at least to restore a balance of power in which each can check or stalemate the other. On the supposition, which must be allowed, that one faction is no less self-interested than the other, and, therefore, no less inclined to tyrannize over the other, justice is not served by any of these proposals. I submit, therefore, that the only way to solve the problem of factional self-interest and the tyranny in which it is likely to result is to eliminate factional conflict itself by abrogating the class divisions from which it arises.

To say this is to challenge Madison's assumption that factional conflicts cannot be eliminated from society. The conflict between the rich and the poor certainly can be. As I pointed out earlier, that assumption may have had the look of truth in Madison's day, but the socialist revolutions and movements since his time support the contrary view, for there is now at least a reasonable hope that the ideal of economic equality can be realized. With that, the factional conflict between the haves and the have-nots can be eliminated from the socialist, democratic republic just as the conflict between a ruling minority class and a subject majority class has been eliminated by the democratization of the constitution.

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The principle we have learned is that the tyranny, or injustice, that is the almost inevitable result of factional conflict cannot be remedied by shifts in power from one faction to the other, but only by eliminating conflicting factions from society, as they are eliminated in two important respects by the establishment of political and economic equality for all.

In addition to the two factional conflicts just considered, are there others? Are there social—not political, not economic—class distinctions that create factional conflicts that must also be eliminated to rectify the ever-threatening tyranny of one faction over another?

Racial and ethnic class distinctions suggest themselves at once. There may be others, but the consideration of these two will suffice to exemplify what is meant by saying that the socially classless state is one in which there are no factions of this type. As long as racial and ethnic class distinctions persist, factional conflict between the racial or ethnic majority and one or another racial and ethnic minority is likely to occur; and if it does, the tyranny of the majority is a likely result.

The socially classless state will come into existence only

when all social class distinctions that might generate factional conflicts and factional injustice have been eliminated. Since the ideal at which we are aiming is the perfectly just state, or the best possible society, the elimination of the factional injustice that is the ever-threatening result of factional conflict must supplement the elimination of the injustices that are rectified by democracy and socialism.

At one time it was thought impossible to eliminate the injustices just mentioned by achieving a politically classless and economically classless society. Revolutionary historical changes have altered our view of what is possible. Even if the ideal of the politically and the economically classless society is not yet fully realized, its realization can be projected from steps in that direction which have already been taken.

The possibility of eliminating the factional conflicts that arise from racial and ethnic and, perhaps, other social class distinctions is not, of course, as clear. What is clear, however, is that their elimination is necessary for the sake of justice; and if we are given to believe, as I for one am, that the necessary must be possible, such faith is at least the first step in the direction of making every effort to create the socially classless state by eliminating all social class distinctions that generate factional conflicts.

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I would like to add two comments. The first concerns the notion of social equality. We have seen that political and economic equality can be defined with precision. Can we define social equality with a comparable degree of precision? I think it is possible to do so. Individuals are treated as socially equal when they are treated as having the worth or dignity that is inherent in being a person, not a thing. Their social equality is violated only when they are subject to discrimination on the basis of one or another social class to which they happen to belong. Discrimination among persons is jus-

tified only by their individual inequality in native endowment and personal attainment.

The elimination of all social class distinctions—not just those that generate factional conflicts—is probably impossible and clearly undesirable. Social equality can be established simply by not allowing such nonfactional class distinctions to become the basis for a discriminating treatment in favor of one human being as against another.

The second comment I would like to make concerns the notion of “the establishment” that has such currency today, at least in speech. The term is, for the most part, used invidiously or dyslogistically, to refer to a dominant faction exercising its power tyrannically in a self-interested fashion and, therefore, in contravention of the common good. Thus used, the term “establishment” connotes a source of injustice. In the eighteenth and nineteenth centuries, the establishment that revolutionary movements sought to overthrow was a minority faction of the ruling and propertied few. Today, the establishment that the new left seeks to overthrow is a majority faction which, in their view, oppresses racial minorities and ignores the injustice being done to those still impoverished. The achievement of a truly classless society, with all factional conflicts eliminated, is the only way in which the injustices done by factional establishments, whether they are minority or majority establishments, can be rectified.

The ideal of a truly classless society takes two forms: the one proposed by the anarchist or antipolitical philosopher, the other by the political philosopher. For Mikhail Bakunin or for Marx, as for the extremist of the new left in our own day, the truly classless society can come into existence only with the destruction of the state and of government. The new left often has this in mind when it speaks of destroying the establishment. For the political philosopher, the ideal of the truly classless society cannot be achieved except through perfecting the justice of the state and of government—the establishment that the anarchists wish to destroy.

I, therefore, purpose to use the word "establishment" in a noninvidious way to refer to all the institutions of the state and of government, through which justice must be done to realize the ideal of a truly classless society, with liberty and equality for all. These are the institutions that must be established to create the truly classless society; and, therefore, I think it proper to refer to the ideal at which political philosophy now aims as the ideal of the classless establishment.

5

We have come to an understanding of the ideal that now seems possible of attainment—the best society that the perfection of our institutions can achieve. At this point in history, as at any other, our vision of the possible cannot avoid being limited by the experience on which it is based; but it is, nevertheless, a larger vision than was vouchsafed our ancestors.

Reviewing the careers of historic civilizations, Arnold Toynbee has observed that they have all been beset by the twin evils of class and war. While that is still true of all existing civilizations, we are living in the first century in which the eradication of these evils appears to be a practicable possibility, not a utopian dream.

This is the first century in which world government has been envisaged as a practicable remedy for the international anarchy that is identical with a permanent state of war between sovereign states. It is not their nationalism or the fact that they are national states, but rather their sovereign independence that puts them at war with one another—the cold war of diplomacy, espionage, and terrorism, or the hot war of bombs and bloodshed. It is also the first century in which the injustices of slavery, serfdom, subjection, poverty, and racism can be and have been considered eliminable, not merely for some favored segments of humanity but for all mankind.

I have used the term "classless" to describe the ideal of a society from which all factional conflicts have been eliminated; and I have shown that, in order to provide the maximization of liberty and equality for all, the classless society must be achieved not through the destruction of the state and government, but rather by perfecting the justice of our social, economic, and political institutions. The classless society thus conceived—or, as I have called it, the "classless establishment"—is an ideal that is new in the history of normative political theory. Its newness is certified by the recency of the judgments that democracy and socialism are not only possible but desirable.

To be sure that this is not misunderstood, let me recall that by democracy I mean the democratic constitution of a republic in which there is no division of the population into a ruling and a subject class; and that by socialism, I mean the economic counterpart of political democracy, achieved by the participation of all in the general economic welfare so that there is no division of the population into haves and have-nots. The socialist, democratic republic is only a first approximation of the new ideal of a classless society. A fuller realization of that ideal calls for the elimination of other class divisions, based on racial, ethnic, or other discriminations that create factional conflicts and result in injustice to one or another segment of society.

Though the ideal now envisaged as possible is new, it is subject to one qualification that is not new in principle. Yet our understanding of the principle *is* new. The just state and just government are not ultimate ends to be achieved for their own sake. The best society that is capable of institutional achievement is only a means to the good life for human beings. Our moral obligation to do whatever can be done to bring it into existence derives from a more fundamental moral obligation—the obligation that every man has to make a good life for himself.

The truth of this basic normative insight was imperfectly

understood when, in earlier periods of history, it was thought to be impossible to universalize it—that is, to extend its application to all men, all without exception, not just the privileged few or even the privileged many. This gives us the measure of the imperfection of the ideal that earlier centuries aimed at, for the best society that they could conceive, even when they conceived it properly as a means to the good life and not as an end in itself, provided the external conditions of a good life for only a portion of the population, usually considerably less than all.

“All”—when what is meant is *all without exception*—is the most radical and, perhaps, also the most revolutionary term in the lexicon of political thought. It may have been used in the past, but it was never seriously meant to include every individual member of the human race, not just the members of one’s own class, or even one’s fellow countrymen, but every human being everywhere on earth. That we are, now for the first time in history beginning to mean all without exception when we say “all” is another indication of the newness of the emerging ideal of the best society, the institutions of which will benefit all men everywhere, by providing them with the conditions they need to lead good human lives.

Local or parochial justice and local or parochial peace are, therefore, not enough. Worldwide justice and worldwide peace are not embellishments of the ideal; they are of its essence. If we think of the socialist, democratic republic as something to be achieved in this country or that, we are not thinking of the ideal to which we should now be committed; we should think instead of a worldwide union of socialist, democratic republics that would be a world state and a world government, establishing justice and preserving peace on a global basis. This and this alone is the proper and adequate representation of the ideal to which we should now be committed, because we can no longer justify aiming at less, on the ground that only parochial goals are practically achievable. On the contrary, as I hope to show, the goal of a good

society is no longer achievable within parochial limits but only on a worldwide basis.

Understanding the best possible institutions as means rather than as ends, and the best possible society as a means to the good life for all, still further enlarges our conception of the ideal at which we should aim. More is required than the maximization of liberty and equality for all; even worldwide justice and worldwide peace are not enough; for all these things could conceivably be accompanied by conditions that would militate against or prevent the achievement of the ultimate end—the pursuit of happiness by all. Wealth must be produced in a sufficient quantity to provide every man with more than the bare necessities of life, and it must be produced in such a manner that every man, in addition to having the requisite physical comforts and conveniences, also has ample free time in which to improve the quality of his life by engaging in the pursuits of leisure and enjoying the pleasure of play. Even this is not enough, as we have now come to realize with justified anxiety, if we allow the overpopulation of the earth and the deterioration or destruction of the life-sustaining and life-enhancing biosphere to occur.

Hence our conception of the best society must include considerations, both economic and ecological, that have never heretofore been regarded as essential to the ideal that men have projected for realization.