THE STATE AND THE MARKET IN RAWLS

ABSTRACT. This essay attempts to interpret John Rawls's concept of the state in his *Theory of Justice*. His concept is not an analysis of the existing monopoly capitalist state. Such an analysis can be found, for example, in *The Fiscal Crisis of the State* by James O'Connor. Rawls's concept is, by contrast, not one of the actual state but of an idealized state. Ideals, though, touch reality at some point. At what point does Rawls's concept of the state touch reality?

The market is the key to a realistic interpretation of Rawls's concept of the state. His view of the market is even at the basis of his renowned principles of justice. The 'efficiency' and 'freedom' of the market are prized by Rawls and other liberal theorists. Income inequality and large capital concentration threaten these prized virtues of the market. Rawls requires a strongly interventionist state to counteract the dangers of monopoly. His idealized state intervenes, not to promote concentration in the manner of the monopoly capitalist state, but to promote greater equality. This equality is needed if the market is to display efficiency and freedom. It is through this intervention that the state promotes justice.

Properly interpreted, the assurance problem on which Rawls bases the need for the state arises from market tendencies. The market enables initial advantages to be increased. This is ultimately why people with advantages support the market, whether the context is private ownership or bureaucratic control within so-called market socialism. The inequality resulting from increasing initial advantages interferes with efficiency and freedom. Rawls's state intervenes to preserve the market while restraining it. This can be seen as an attempt to preserve class society from itself. Consequently, Rawls's conception of justice is founded on classes.

It is interesting to consider how Rawls's normative account of the state in Part II of *A Theory of Justice* can be related to other recent accounts of the state. James O'Connor, in *The Fiscal Crisis of the State*, offers a neo-Marxist theory of the present monopoly capitalist state. It seems easy enough to say that O'Connor intends his views to provide an economic basis for the major changes from the nineteenth-century free-enterprise capitalist state to the twentieth-century monopoly capitalist state whereas Rawls does not intend to explain these changes but to say what the state should become as derived from his principles of justice. This only sharpens the contrast between the two without giving a method for relating them.

It is Rawls's emphasis on the market as an underlying social mechanism that can provide a bridge between his normative and those descriptive...
accounts. It would indeed be strange if Rawls's norms could not be located in any aspect of the existing state. They would then be arbitrary and Rawls himself regards them as confirmable on the basis of a considered judgment. The upshot of this discussion is that the considered judgment in question is a considered judgment about how to stabilize a market society. The state for Rawls is, then, a set of institutions whose role is to stabilize a market society. On this interpretation of Rawls, the question of the justice of these political institutions is not one that can be answered by looking beyond the question of what would stabilize the market. This is clearly to take a Marxist view of Rawls.

This interpretation has both advantages and limitations. It is puzzling apart from such an interpretation why Rawls should think the state is needed. Moreover, it helps to illuminate his insistence that a command economy cannot be just or the basis for a just society. But it cannot pretend to replace the moral fervor of Rawls's treatment of civil liberties. If however we choose to consider those liberties more dispassionately, it offers us a reasonable guide.

1. IDEAL AND NON-IDEAL STATES

Rawls is careful to distinguish between an ideal theory of justice and non-ideal theory. The ideal theory is primary since it must be consulted in order to determine what is the nearest thing to full justice in less than favorable circumstances (Rawls, 1971, Sec. 39). This is a classical distinction, and Rawls handles it in the classical way. Aristotle, for example, argues that the most perfect polis would be one ruled by those who are good. But given the circumstance that humans in every class in an actual polis are limited in various ways, one can do no better than to look for a ruling class among those whose limitations least incapacitate them for realizing the aim of the polis (Aristotle, 1905, 1295a25–1296b11). It is the middle class — presumably the emerging commercial class — that for Aristotle can do the best job in the circumstances of ruling. States without a significant middle class were doomed to be dominated by an oligarchy of landowners or by an extreme democracy of the dispossessed. But with the emergence of a market, some states had sizeable middle classes (Meikle, 1979, pp. 57–73). Given human limitations, then, middle class rule is best and it can be achieved when members of the society by and large possess "adequate property"