Habermas and Analytical Marxism

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Jurgen Habermas is well known as the author of a book entitled *Science and Technology as Ideology*. But he might just as easily have written a book called *Analytic Philosophy as Ideology*, for he has always regarded the emphasis on logic, truth-conditional semantics, and empiricism that has dominated the Anglo-American philosophical tradition as part and parcel of the larger “scientistic” bias permeating Western civilization. Thus one can understand the bemusement with which he first encountered the term “analytical Marxism.” From his perspective, it would have been difficult to imagine two more antithetical philosophical traditions.

Perhaps because of this initial cognitive dissonance, Habermas has never really engaged with any of the core ideas to come out of the analytical Marxist tradition. This is unfortunate, since according to the standard Anglo-American use of the term, Habermas himself qualifies as an analytical Marxist, and his early work was animated by precisely the same concerns as those that motivated self-identified analytical Marxists, such as G.A. Cohen, John Roemer, Jon Elster and Philippe van Parijs.

Roemer, in his introduction to the canonical collection of texts on the subject, describes the “intellectual foundation” of analytical Marxism as the recognition that “Marxism is 19th century social science.” Thus, despite having a valid core, “it is bound to be primitive by modern standards, wrong in detail, and perhaps even in some basic claims.” The solution, he suggests, is not to jettison the entire apparatus, but to update Marxism “using state-of-the-art methods of analytical philosophy and ’positivist' social science,” in order to see what can be salvaged, and what must be revised. The end result should be a theory that retains important elements of the original, but which has reacquired some of the predictive and explanatory power that classical Marxism always claimed, but often
conspicuously failed to provide.

Updating Marxism in this way necessarily involved breaking some taboos – most importantly, the taboo that prevented Marxists from taking on board insights acquired by “bourgeois social science” over the years. Both Habermas and the analytical Marxists were more than willing to do so. The primary difference lay only in what they took to be “state-of-the-art” social science. In the Anglo-American world, state-of-the-art positivist social science was taken to refer to microeconomics, and later, rational choice theory. Thus the key move made by analytical Marxists was to abandon classical economics and to accept the fundamental premises of the marginalist revolution. The goal then was to reconstruct Marx's account of exploitation, his theory of social class, and the overall narrative of historical materialism, without the benefit of the labour theory of value. Habermas, however, faced a very different situation in Germany. Thanks to the influence of Talcott Parsons (via Niklas Luhmann), state-of-the-art social science did not refer to rational choice theory, but rather to functionalism, under the aegis of systems theory. Marxism suffered by comparison, because the reductionism of the classic base-superstructure model made it very difficult for Marxists to explain developments in the political sphere, such as the emergence (much less the inner dynamics) of the welfare state. Thus Habermas's fundamental contribution was to reconstruct Marxism within a systems-theoretic framework.¹

Of course, classical Marxists had always regarded 20th-century economics as a thinly-disguised form of right-wing ideology. In the same way (and with perhaps greater justification), Parsons's systems theory was also regarded as a form of right-wing ideology. Both the analytical Marxists and Habermas

¹ One can see the difference very clearly in Between Facts and Norms, when Habermas, after laying out his reconstruction of the normative foundations of rights, turns to consider “realist” objections. The English reader naturally expects that he will be dealing with problems that arise, in one way or another, from the fact that agents are self-interested, or instrumentally rational. In other words, “realism” is usually taken to refer to “rational choice theory.” Yet for Habermas, “realism” means both “economic theory on the one hand and systems theory on the other,” p. 329. The challenge he feels a need to respond to from systems theory is the vision of a “decentered” society, in which the state has been reduced to merely one system among others, with no special capacity to impose its own imperatives.
were able to see beyond these concerns, and not only to rescue some of the key insights of these traditions, but also to show how many of the supposedly right-wing consequences of these analytical frameworks were in fact unnecessary accretions – that the theories could just as easily to harnessed in the service of a progressive political agenda.

Thus there are interesting parallels with respect to the fundamental motivation and point of departure of Habermas and the analytical Marxists. But when looking over the fruit of their labours, what is perhaps even more interesting is the convergence that ultimately developed in their views. In their efforts to update Marxism with state-of-the-art 20th century social science, Habermas, along with most of the analytical Marxists, all managed to talk themselves out of being Marxists in any recognizable sense of the term. The most noteworthy shifts involved the abandonment of a base-superstructure model of historical development, the move toward a more explicitly normative, egalitarian critique of capitalism, and the acceptance of the market as the predominant system of economic integration. This is an important result, given the differences in their points of departure, and we can learn a lot about the fate of Marxism by identifying the tendencies that pushed this rather disparate group of theorists in the same direction.

**On historical materialism**

Both critics of functionalism. Elster more globally. Habermas and Cohen both try to circumscribe functional explanation.

In order to highlight the different intellectual contexts in which Habermas's work and that of the analytical Marxists was carried out, it is helpful to compare the treatment of historical materialism in Habermas's *Towards a Reconstruction of Historical Materialism* and in Cohen's *Karl Marx's Theory of History: A Defence*. In Cohen's view, the primary problem confronting Marx's theory of historical materialism is that it relies upon functionalist forms of explanation. Various elements of the
superstructure are said to adapt to changes in the material basis of production, but no account is given of the mechanism through which these adaptations occur. In particular, no account is given of the motivation that agents have to change their social behaviour in response to changes in the forces of production.

This problem was felt to be especially acute, thanks to the growing realization that Marx himself fell victim on more than one occasion to a sort of reverse compositional fallacy – imagining that because a group shared some interest, that each individual in the group also shared that interest. In essence, the concern was that Marx had ignored collective action problems. And with the growing attention to the prisoner's dilemma in the Anglo-American world (sharpened considerably by Russell Hardin's observation that the public goods problem in economics, the tragedy of the commons, and the free rider problem, were all variations of the prisoner's dilemma), this began to stand out as an acute deficiency in the Marxist tradition. If capitalists can collude to transform the government into their “executive committee,” for instance, why do they not collude to raise prices? Or to prevent the introduction of labour-saving technology that will cause the rate of profit to fall?

Jon Elster articulated these concerns quite forcefully. Allen Buchanan as well, in a paper called “Revolutionary Motivation and Rationality,” pointed out that the working class was subject to very serious collective action problems. Workers had already shown a willingness to free ride upon the efforts of unions in the workplace – by refusing to join or pay dues, but then deriving all the benefits of increased wages and improved work conditions. This is precisely why the “closed shop” was essential to the success of the union movement. Yet assuming that it was in the interest of the working class to overthrow the capitalist system, the same free-rider incentives presented themselves. Why go out and man the barricades, given that one's absence is unlikely to be a decisive factor in the success of the

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2 Russell Hardin, Collective Action, Baltimore: John Hopkins University Press, ?.
revolution? Much better to stay at home until the dust settles.

There is no question that class solidarity was in many cases sufficient to overcome these collective action problems. But Marx had tended to assume that class consciousness is all that would be required. He assumed that workers were failing to engage in revolutionary agitation because they failed to see where there true interests lay. Thus he relied upon the theory of ideology in order to explain their inaction. The assumption throughout was that when workers came to see where their true interests lay, they would take to the streets – without any need for supplementary motivation. Thus theorists in the Marxist tradition spent an inordinate amount of time worrying about the consciousness of the proletariat, and the pernicious effects of ideology, while almost completely ignoring the concrete incentives that workers faced. One of the major goals of the analytical Marxists was to rectify this. Adam Przeworksi, for instance, observed that merely predicting an increase in the standard of living of the average worker under a socialist reorganization of the economy is not enough to motivate revolutionary action. It is also important to specify how soon these benefits might be expected to materialize. If “sacrificing a generation” is required in order to achieve a socialist utopia, then it does not matter how great the anticipated benefits are, there will still be important motivational challenges when it comes to promoting revolutionary political action.

However, as soon as one shifts to the action-theoretic level and begins to analyze the specific incentives that drive economic actors, then some of the large-scale generalizations that Marx makes about the behaviour of classes become problematic – indeed, the entire notion of “classes” as unified historical actors risks being undermined. Thus one of Cohen's major objectives in Karl Marx's Theory of History is to show that large-scale functional relationships between the forces and relations of production nevertheless obtain, and that the evolutionary dynamic that Marx described can be seen as a

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4 For example, see Adam Przeworski, Capitalism and Social Democracy (Cambridge: Cambridge University Press, 1985), p. 148-156.

plausible consequence of certain simple action-theoretic postulates. He starts by defending the claim that there will be an endogenous tendency toward development within the forces of production, which he attempts to derive from a series of basic platitudes about human rationality and the response to material scarcity.\(^6\) He then observes certain “provocative correlations” between the development of the forces of production and aspects of the relations of production, which leads him to suggest, by way of explanation, that the relations of production are organized such a way as to serve (or at least avoid impeding) the development of the forces of production.\(^7\) This functional or “consequence” explanation is perfectly respectable, he claims, although it is always subject to some further “elaboration” that specifies the mechanism through which the two terms in the explanation are related. This may be a “purposive elaboration,” which rests upon an intentional mechanism, a Darwinian elaboration, which posits a selection process, or a Lamarckian elaboration, which relies upon a cultural learning process.\(^8\)

While the soundness of the functional explanation rests “ultimately” upon the availability of some such elaboration, this does not render the form of explanation invalid, or useless from the standpoint of social theory. We may have good reason to posit functional relations at the socio-theoretic level, even when we are not in a position to specify the underlying mechanism. Thus while criticizing functionalism, he nevertheless tires to show that certain specific functional explanations can be consistent with rational choice premisses.

In Germany, by contrast, Habermas had very much the opposite problem. Not only was functionalism regarded as quite unproblematic from a methodological standpoint, but Luhman's description of a “decentered” society, in which autonomous, self-regulating subsystems had become independent of any central steering mechanism, and thus had become governed by their own internal logic and code, struck many people as a realistic characterization of life in modern society. Luhmann's

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7 Cohen, *Karl Marx’s Theory of History*, p. 158.
central innovation is to have taken Parsons’s structural-functionalism and to have effectively removed all the structure. Parsons thought that social systems, in order to reproduce themselves, needed to discharge certain specific functions (hence the AGIL schema, which specified the core functions: adaptation, goal-attainment, integration and pattern-maintenance). Thus systems all needed specialized subsystems, or internal structures, dedicated to the fulfillment of these functions. Luhmann, on the other hand, argued that the identity of a system is preserved entirely through boundary-maintenance (in other words, simply by preserving the difference between the system and its environment). Thus there are no characteristic internal structures that systems must share, in Luhmann’s view, the content of systems remains entirely unspecified. Furthermore, the way in which boundaries are preserved remains open, and is often just a matter of perspective.

The problem with this sort of systems theory, from a Marxist standpoint, is that the functionalism has become so thorough-going that it becomes difficult to see anything like a social crisis could ever develop, how the capitalist system could contain any “contradictions,” or how a revolutionary transformation of society could occur. When the output of one particular system changes, the others will simply adjust themselves to compensate, like amoebas rearranging themselves in a petri dish. There are simply no limits to the adaptiveness of social systems, once all of the Parsonian structure has been removed, and since the concrete motivations of social actors have been entirely eliminated from the picture, any limitations on the adaptiveness of human beings are also abstracted away.

Thus Habermas's major goal, starting from a systems-theoretic perspective, was to reintroduce some of the basic structural and action-theoretic concepts needed to articulate the more valuable insights contained in Marx's analysis of the crisis tendencies of capitalism (as part of a “critique of functionalist reason”). Habermas's central innovation is to have suggested that, while certain systems are integrated through functionally defined “codes,” others are integrated through the medium of natural
language. The latter, by virtue of its semantic structure, is necessarily holistic, and so resists functional differentiation, along with pressures for adaptation. Thus systems integrated through natural language, known as lifeworlds, are not as flexible as full-blown functional systems – like the political or the economic system.\(^9\) As a result, when the effects of “contradictions” in the capitalist mode of production are felt, functional systems may simply adapt, in a way that the lifeworld cannot. Thus the effects of these contradictions may be experienced in the lifeworld as crises.

This is the analysis that underlies Habermas's claim that crises of late capitalism will take the form, not of economic crises – since these can be dissolved through the interventions of the welfare state – but of legitimation crises. The capitalist economy depends upon the functional performances of the state for its stability, and the state in turn depends upon the “performance” of the lifeworld, which serves as a source of shared values and social norms. Yet because of the lack of functional organization of the lifeworld, the state cannot simply call up such performances on demand. Thus the state winds up making strategic use of existing “reserves” of meaning in the lifeworld, which in turn threatens to exhaust the supply. If and when this does occur, the state will lose the ability to shore up the capitalist economy, because it will no longer be able to draw upon a suitably motivated or persuaded group of citizens in support of its initiatives. Here lie the origins of a legitimation crisis.

Of course, Cohen and Habermas differ from the start, simply because Cohen attempts to defend an orthodox version of historical materialism (including the primacy of base over superstructure). Habermas, on the other hand, argues that each different class of “systems” has its own internal logic, and this its own developmental logic. Functionally integrated systems coordinate social action through incentives, and so rely only upon the instrumental rationality of agents in order to reproduce themselves. Thus their development takes the form of increased complexity and specialization. Lifeworlds, on the other hand, are governed by the logic of natural language, and so their development

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\(^9\) In Legitimation Crisis, still refers to lifeworlds in the plural. Later shifts to the singular.
takes the form of communicative rationalization. In a sense, systems (i.e. the “base”) simply become more sophisticated, whereas the development of a lifeworld (i.e. the “superstructure”) can be understood, from the participant's perspective, as a learning process, in which problems are solved, errors exposed, fallacies eliminated, superstitions banished, and so on. To put it more concretely, Habermas would regard the introduction of the steam engine, and its attendant effects upon the organization of the factory system, as the type of rationalization that goes on in the system, whereas the emergence of democracy, or secular morality, as the type of rationalization that goes on within the lifeworld.

Ironically, in Cohen's analysis, the case for the primacy of base over superstructure winds up resting upon the claim that there is no endogenous rationalization process within the superstructure. There is functional stabilization between base and superstructure, which would be inclined to induce homeostasis but for the fact that “rationality” serves as a constant source of technical innovation. Thus the “forces of production” have an internal developmental logic, along with an endogenous tendency to change, as a result of which they serve as the driving force of human history. However, this restriction of human reason to what Habermas would call its “cognitive-instrumental” dimension is never explained or defended by Cohen. It seems to be a clear case of “scientistic” bias influencing the theses advanced by the analytical Marxists. And if one were to drop that postulate, it is not difficult to see how even Cohen could wind up accepting something like the “dual-track” model of development that Habermas advances.

Nevertheless, while Habermas and Cohen are at opposite ends when it comes to their views on historical materialism, there is an important convergence at the methodological level. Both recognize that a “reconstruction” of historical materialism is going to require reconciling an action-theoretic level of analysis with a broader functional analysis. Both seek to defend functional explanation, but also to limit its scope. (Thus they are both critics of “functionalism” – the view that “all elements of social life
are interconnected” in a set of functional dependencies. Cohen tries to defend the legitimacy of functional modes of explanation by outlining a series of mechanisms through which they could, in principle, be reduced to some complex of ordinary causal relations. Habermas tries to show that functional explanations cannot supplant intentional ones, especially where aspects of the social structure are directly patterned through communicatively achieved agreement. In both cases, the action-theoretic element justifies the use of functional explanation in certain domains, but also imposes constraints upon the use of such an explanatory strategy – it suggests that, in cases where one cannot posit a plausible action-theoretic (or evolutionary) mechanism, one should refrain from positing functional relations.

**From Neomarxism to Liberal Egalitarianism**

The most obvious similarity between Habermas and the leading proponents of analytical Marxism has been the desire, shared on both sides, to articulate and defend the normative foundations of Marx’s critique of capitalism. It is easy to forget, in this day and age, the extent to which 20th century philosophy was dominated by moral non-cognitivism – from before the First World War until well into the 1960s. Normative political philosophy disappeared almost entirely in the Anglo-American world, and in Europe was pursued almost entirely under irrationalist or decisionistic premises. One of factors that helped to insulate classical Marxism from the pernicious effects of this climate was no doubt the hoary old claim that Marx was merely offering a “scientific” analysis of the crisis tendencies of capitalism (unlike the “utopian socialists,” who offered a moral critique of capitalism). Although not many people actually believed this claim, it offered a handy response against the accusation – common in those days – that a concern over questions of social justice revealed little more than soft-headed emotionalism, or an inability to refrain from making “unscientific” value judgments.

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The first line of defence of traditional Marxists against the climate of moral noncognitivism was to say that they were simply in the business of predicting the inevitable downfall of capitalism. This of course generated a number of problems with respect to questions of agency, e.g. if the downfall is inevitable, then why both to join the Communist Party, or start setting up barricades? Thus the second fall-back position for the classical Marxist was to claim that communism was simply in the interest – correctly understood – of the proletariat. Thus there was no need for a moral critique of capitalism. By allowing existing class relations to become fetters upon the development of the forces of production, the capitalist system provided the workers with the motive, means and opportunity to overthrow it. However, as the analytical Marxists began to pay closer attention to the incentives that workers faced under capitalism – and in particular, the incentive to adopt “free-rider” strategies such as reformism – serious doubts began to emerge about the plausibility of this claim.\footnote{Most significant analysis conducted by Adam Pzerworski.} Pzerworksi’s work is the most important in this respect. The upshot of these investigations, as Marcus Roberts observes, was the conclusion that socialists were making an appeal to workers somewhat like the following:

Fight for socialism, the argument goes. Capitalism is good at producing those things that you (currently, though mistakenly) wish to consume, and its tendency to produce economic crises is – for all we know – a remediable one. On the other hand, socialism may prove to be (in some sense) more efficient (we are still working on the blueprints), although, to be honest, you are unlikely to experience any of the (uncertain) benefits and could well end up dead, imprisoned or materially worse off.\footnote{Marcus Roberts, Analytical Marxism: A Critique (London: Verso, 1996), p. 203.}

Needless to say, if this is the best that one can do by appealing to the self-interest of workers,
then one had \textit{better} be able to appeal to their conscience as well (or as Roberts puts it “much better, perhaps, for socialists to substitute moral exhortations for appeals to the material interests of any social class.”). Thus Roberts understands the motivation of the analytical Marxists quite well when he observes that, given the weakness of the appeal to self-interest, “the energies of the leading proponents of Analytical Marxism have therefore been directed increasingly towards exposure of the 'evils of capitalism' and the construction of the normative foundations for (market) socialism.”\textsuperscript{13} Analytical Marxists therefore began shopping around for a moral or political theory that would give them normative grounds for the claim that capitalism ought to be replaced by some form of socialism.

In this context, it would be difficult to exaggerate the importance of John Rawls's \textit{A Theory of Justice}, along with the extent to which the intellectual climate was changed through its publication. Apart from the fact that it made normative political philosophy once again respectable in the Anglo-American world, Rawls also provided the most significant “update” to liberalism since John Stuart Mill. Furthermore, Rawls's updated version of liberalism incorporated a number of very important ideas from the Marxian tradition. Thus purists who denounce analytical Marxists for “selling out” the faith in their move toward liberal egalitarianism have generally failed to consider the possibility that Rawls might have already “sold out” liberalism, by accepting the Marxian critique of early modern social contract theory. The original Marxist objection to social contract theory is that it provided only formal equality in the public sphere, in a way that masked the substantive inequality that was systematically reproduced through the institutional structures of the private sphere, such as the economy, or the family, or the educational system. The standard Marxist strategy of social critique was therefore to take any given social institution and analyze it in terms of its distributive consequences. (Thus, for example, “Marxist feminism” analyzed patriarchy in terms of the exploitation generated by the gendered division of labour.)

\textsuperscript{13} Ibid, p. 203.
Rawls however starts out *A Theory of Justice* by essentially accepting the Marxist analysis of social institutions, arguing that every system of cooperation generates both a common interest (in ensuring that each does better than he or she could do acting alone) and a conflict of interest (because the parties are not indifferent as to how the benefits of cooperation are distributed). If one thinks of “cooperation” in Rawls's view as a correlate of “social labour” in classical Marxism, it is easy to see the parallel. Every social institution, according to this analysis, is going to contain a set of rules that (implicitly or explicitly) determine, not only how much is to be produced, but who gets what portion of the social product. As a result, with Rawls's framework, every institution in the “basic structure” of society can be criticized from the standpoint of distributive justice. Furthermore, the normative principle that Rawls winds up endorsing (the difference principle), has a strong egalitarian flavor. Although Rawls does tolerate inequality in cases where such outcomes are a necessary consequence of attempts to improve efficiency, he insists that the arrangements must be ones that maximize the benefits to the worst-off members of society.

With this reformulation, the “liberal” framework became capable of addressing all of the distributional questions that early modern social contract theory had tended to sweep under the table. In a sense, it eliminated the intellectual niche that Marxism had traditionally occupied. (Thus, for example, all of the issues raised by Marxist feminists could easily be addressed within a Rawlsian framework.) Furthermore, Rawls’s attempt to deduce specific principle of justice, in order to resolve distributional conflict, made Marxism seems quite weak by comparison. In the end, Marx's only proposed ‘solution’ to the problem of distributive conflict rested upon his conviction that communism would create post-scarcity conditions, which would render such conflict otiose. As this expectation became increasingly difficult to sustain, the need to provide a set of normative principles to regulate problems of distribution became increasingly pressing. And after Rawls, it became increasingly difficult to deny that liberal egalitarians had a more sophisticated approach to the question.
The initial attempt among analytical Marxists to bring Marxism into dialogue with liberal political philosophy centered upon Marx's concept of “exploitation.” Whereas Marx had insisted that this was merely a technical term – referring to the difference between the use value and exchange value of labour – which implied no moral depreciation of the capitalist system, analytical Marxists were inclined to admit the bluff – to grant that saying “workers are exploited by capitalists” (or that “capital is dead labour which, vampire-like, only lives by sucking living labour”\textsuperscript{14}) implied some moral fault in the capitalist system. Their goal then was to articulate the normative dimension of this concept of “exploitation” more precisely – both in terms of its foundations and its consequences. Thus they were led to ask such questions as: “What exactly is wrong with exploitation?” or “What is the relationship between exploitation and inequality?”

The most sophisticated investigation of these questions was carried out by Roemer, beginning with his *General Theory of Exploitation and Class*. The first obstacle was to define exploitation in a way that did not presuppose the labour theory of value. Since Marx thought that the value of every commodity is fixed by its labour content, it was easy to calculate the difference between the amount that the worker contributes to production and the amount that he receives as compensation. The exchange value of labour will be determined by the amount of labour-power required for the reproduction of the worker's labour (i.e. the subsistence requirements of the worker). Thus surplus value arises out of the difference between the number of hours worked and the exchange value of labor. The former can be compared with the latter, and mapped on to the rate of profit, only because of the assumption that prices reflect the quantity of “embodied” labour. If, however, one eliminates this assumption, then there is no obvious way to compare what the worker contributes with what he receives, and so no simple way of quantifying the rate of exploitation, or even justifying the

presumption that it is workers who will be exploited.\textsuperscript{15}

Roemer therefore develops an ingenious way of reconstructing the notion of exploitation. Rather than appealing to the notion of subsistence, his “unequal exchange” definition specifies that “producers or agents are exploited when their income does not permit them to command as much labor through the goods they can buy as the labor they provided in production.”\textsuperscript{16} This allows him to prove various theorems that Marxists had traditionally regarded as “self-evident truths,” such as the “Class Exploitation Correspondence Principle,” which states that exploitation relations map onto class relations under capitalism, such that all those who sell labor will be exploited while those who hire labor will be exploiters.\textsuperscript{17} Yet despite this auspicious start, he also winds up with a series of highly unwelcome results. First, he shows that these correlations would also obtain in an economy with no labor or capital markets, merely as a result of inequality in prior holdings.\textsuperscript{18} Thus exploitation appears to be a consequence of background inequality, not the specific institutions of capitalism. Furthermore, circumstances can arise in which the poor systematically exploit those who are wealthier than them.\textsuperscript{19} This is enough to throw into the question the idea that exploitation is a useful normative concept.

Problems such as these prompted Roemer to begin favoring the so-called “property relations” view of exploitation, according to which some subset of the population is exploited only if it could improve its material condition by defecting from society, taking its per capita share of productive assets with it.\textsuperscript{20} This definition, however, shifts the focus entirely upon the distribution of property – it is

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  \item \textsuperscript{16} Roemer, General Theory of Exploitation and Class, p. 128.
  \item \textsuperscript{17} Roemer, General Theory of Exploitation and Class, p. 61.
  \item \textsuperscript{19} Roemer, “Should Marxists be Interested in Exploitation,” p. 90.
  \item \textsuperscript{20} Roemer, General Theory of Exploitation and Class, p. 53. See also Roemer, “Second Thoughts on Property Relations
precisely because they do not presently own an equal per capita share of productive assets that members of this subgroup are exploited. This again raises the question, whether it is really exploitation that is the most objectionable feature of capitalism, or whether it is the fact that some are rich and others are poor. If the answer is the latter, then it becomes increasingly unclear what Marxism brings to the table, beyond the resources already provided by liberal egalitarianism.\textsuperscript{21}

Cohen wound up facing very much the same dilemma, but starting from a very different initial position. One of the little subterfuges of classical Marxism was to use the labour theory of value as a way of smuggling in a normative claim about the entitlements of workers. After all, if the value of every commodity is a function of the labour embodied in it, and the worker is the one who has contributed all the labour, then it is very easy to draw the normative conclusion that workers are entitled to the entire product of their labour (and that the extraction of surplus value constitutes a form of swindling, or theft). Without the labour theory of value, it became much more difficult for Marxists to avoid the obligation to explain the normative basis of this claim. Cohen's initial inclination was to expand upon the Lockean streak in Marx's own work, and to interpret the worker's right to the fruits of his own labour as an extension of his self-ownership rights (and then to define exploitation as a violation of a deontic constraint). This, however, left him vulnerable to many of Robert Nozick's arguments in \textit{Anarchy, State and Utopia} (especially the now-famous “Wilt Chamberlain” argument).\textsuperscript{22}

In Continental Europe, the full power of Nozick's reasoning has never really been appreciated, simply because his political conclusions fall so far outside the established consensus. When his arguments are mentioned, therefore, they tend to be dismissed offhand with a quick modus tollens.

\textsuperscript{21} As Roemer writes, “I think the most consistent Marxian ethical position is against inequality in the initial distribution of productive assets; when exploitation accounts reflect the unequal distribution of productive assets in the proper way (that the rich exploit the poor), that is what makes exploitation theory attractive. But if that correlation can fail, as it has, then no foundation remains for a justification of exploitation theory,” “Should Marxists be Interested in Exploitation,” p. 91.

Thus many European theorists have never understood why Nozick was taken so seriously in the Anglo-American world, and in particular, why his arguments were so troubling to Marxists. The problem, of course, is that his defense of libertarianism takes as its point of departure a set of convictions that many Marxists had tacitly regarded as the normative core of their critique of capitalism. In particular, Nozick appeared to demonstrate that the concern to protect workers from exploitation – to ensure that they be granted full ownership of the fruits of their labour – was incompatible with a concern over the distributive consequences of any particular economic arrangement.

Cohen struggled for years to overcome these difficulties. (His book, *Self-Ownership, Freedom and Equality*, is the record of this struggle.) The seeds of doubt with respect to the overall strategy were planted during a sojourn at Princeton, where he found, to his surprise, Thomas Nagel and Tim Scanlon almost completely unperturbed by Nozick's arguments.23 (One can find similar insouciance in Rawls's response to Nozick.24) The reason for the lack of concern, Cohen realized, is that this group of “left liberals” were egalitarians, whereas Nozick’s argument presupposed the primacy of self-ownership. Thus they had no need to track every bit of value produced by every worker, in order to see who got what portion of it, and whether they were entitled to it. Rawls, for example, simply looked at the overall distributive consequences of the market economy as a whole, and recommended corrective interventions in cases where they drifted too far toward inequality. There was simply no fact of the matter about who is entitled to what, independent of the justice of these background institutional conditions.

Cohen's response to this was, again, to consider where his essential concerns lay. Is the problem really that capitalists get a piece of the pie that, in principle, should belong entirely to workers? Or does the problem have more to do with the large-scale distributive consequences of an economic system that

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23 Cohen, *Self-Ownership, Freedom and Equality*, p. 4

allows private transactions to determine these outcomes? Cohen ultimately decided that he was more concerned about equality than he was about entitlement.25 (Others have been less easy to persuade. Hence the development of so-called “left libertarianism” – another development in political philosophy that tends to generate bemusement outside the anglosphere. Left libertarians are essentially those who want to hang on to the self-ownership intuition, and yet show that it need not generate the inegalitarian outcomes that Nozick defended.26 It is the left libertarians who can claim, with the most plausibility, to be the rump of Marxism as a normative political philosophy. (In the end, the major impact of Nozick's work was to drive a wedge between liberal egalitarians and left libertarians.)

Thus Cohen as well found himself drawn into the Rawlsian camp. Part of this surprising convergence of liberalism and neomarxism is due to the fact that Rawls meets the Marxists half-way, by adopting a distributive analysis of social institutions and by insisting upon a very wide application of the principles of justice. Yet the other part of the movement comes from the Marxists, and their increasing recognition that Marxism had created for a long time what Charles Taylor calls an “ethics of inarticulacy,” in which theorists deploy considerable ingenuity simply to avoid putting their moral cards on the table. Indeed, much of the history of 20th century Marxism (in particular, the refusal to relinquish the labour theory of value) can be seen from this perspective as simply an increasingly sophisticated way of obscuring the fact that the Marxian critique of capitalism was one that ultimately rested upon moral premises.27 With the shift to liberal egalitarianism, the drive to find increasingly sophisticated ways to avoid acknowledging these premises was replaced by a renewed effort to articulate them more perspicuously.

By comparison to the analytical Marxists, Habermas was much more quick to embrace Rawls's

25 Cohen, If You’re an Egalitarian, p. 108.
26 Vallentyne, Steiner.
27 Cohen describes the “deprecation of morality” as the source of “a venerable, deep, and disastrously illuded Marxist self-conception.” p. 102.
approach to the theory of justice. The reasons for this are not difficult to find. As the inheritor of the Frankfurt school tradition of critical social theory, Habermas was already disposed to regard capitalism as part of a broader rationalization process, one that led to the increasing dominance of instrumental forms of rational action. (Although in early writings, such as *Legitimation Crisis*, he subscribed to the Lukacsian view that capitalism was the force driving instrumentalization, he later switched to the Weberian view, according to which instrumentalization is part of an endogenous rationalization process, which creates the preconditions for the emergence of the capitalist mode of production.\(^{28}\))

A critique of instrumental rationality clearly has much greater scope than a critique of capitalism. Furthermore, in order to maintain the “emancipatory interest” of the critique, one must be able to hold out some kind of other form of rationality as an alternative to it (in the same way that Marx held out communism as an alternative to the capitalist mode of production). Members of the early Frankfurt school had therefore sought alternative visions of rationality as a way of resolving the pathologies of modern society. (Max Horkheimer, for instance, contrasted the “subjective rationality” of capitalism with the “objective rationality” that had fallen by the wayside in the modern world.\(^{29}\)) Unfortunately, none were ever able to provide a clear articulation of what this alternative form of rationality would look like in its details.

Habermas from early on thought that the alternative to instrumental rationality would be some form of essentially moral reasoning. This followed rather naturally from his Piercean proclivities, which were developed under the influence of Karl-Otto Apel. According to this brand of pragmatism, the ‘objectivity’ of scientific or cognitive-instrumental knowledge relies upon the consensus of an epistemic community (both actual and, to support various counterfactuals, idealized). Habermas saw

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29 Max Horkheimer, The Critique of Instrumental Rationality (Boston: Beacon Press, >)
that this model of knowledge could very easily be generalized to “practical questions,” where ‘objectivity’ could also be achieved in the form of an informed or idealized consensus. Such a construction would impose what amounts to a universalizability constraint on the content of possible moral judgments. As Habermas wrote (long before he explicitly formulated his “discourse ethics” principle):

Since all those affected have, in principle, at least the chance to participate in the practical deliberation, the “rationality” of the discursively formed will consists in the fact that the reciprocal behavioral expectations raised to normative status afford validity to a common interest ascertained without deception. The interest is common because the constraint-free consensus permits only what all can want... The discursively formed will may be called ‘rational’ because the formal properties of discourse and of the deliberative situation sufficiently guarantee that a consensus can arise only through appropriately interpreted, generalizable interests, by which I mean needs that can be communicatively shared.31

The fundamental problem with capitalism, from this perspective, is that it is organized around what is, essentially, a non-generalizable interest – the private appropriation of socially produced wealth. This is its “fundamental contradiction.” As a result, a capitalist society cannot be directly integrated through communicative action, it must be “forcefully integrated” through the system, in such a way as “to conceal the asymmetrical distribution of chances for the legitimate satisfaction of needs.”32 Thus the antagonism of social classes gets displaced into the economic/bureaucratic sphere, where it manifests itself in the form of “a contradiction of system imperatives,” and thus a crisis-ridden course of capital

30 See the section “The Relation of Practical Questions to Truth,” in Legitimation Crisis, p. 102-110.
31 Habermas, Legitimation Crisis, p. 108.
32 Habermas, Legitimation Crisis, p. 27,
According to this analysis, the basic problem with capitalism is a moral problem – it’s unfair to workers. Yet Habermas’s critique is, initially, not a moralizing critique. The fact that capitalism is unfair to workers is what makes it chronically unstable. Because it is unfair, it is unjustifiable. The fact that it is unjustifiable, means that, as a social system, it cannot be integrated directly using the traditional resources of communicative action – hence the need for functionally integrated systems of instrumental action, along with systematically distorted communication in the lifeworld (i.e. “ideology”). Thus Habermas’s early view represented an attempt to reconstruct Marxian crisis theory on new foundations, by identifying the inegalitarian features of the capitalist system as the source of its instability.

When Habermas encountered the “original position” thought-experiment, he quite naturally interpreted it as an attempt to articulate, not some contingent moral intuitions belonging to the American political tradition, but rather the basic structural constraints that discourse imposes upon the reproduction of social norms. The fact that culture must be reproduced through the medium of natural language biases social institutions in the direction of entrenching increasing pro-social, and ultimately universalizable, behaviour patterns. So while in principle anything can be reproduced as a cultural pattern, language acts as a sort of filter, that over time serves to remove the patterns that generate too many obvious objections in the discursive sphere (e.g. those that are overly partial to some non-generalizable set of interests). This is the tendency that Habermas identifies with the “linguistification of the sacred,” and later, the development of cultural modernity.\footnote{TCA, vol. 2.}

This analysis is what explains the internal connection that Habermas sees between morality and a particular type of rationalization process. What philosophers typically refer to as “morality” is an attempt to articulate a set of structural constraints on the reproduction of culture (or more specifically,
social norms). Thus the relationship between morality and action is somewhat indirect. We act on the basis of norms; ‘morality’ constrains our actions only indirectly, by systematically favoring the reproduction of norms that meet certain reciprocity or symmetry conditions. However, this selection process is one that works itself out quite gradually over time. Insofar as our current standards of behaviour are morally superior to that of our grandparents, or our ancestors, it is because we are the inheritors of a culture that has been subject to such rationalization processes – i.e. the discursive contestation, thematization, and revision of norms – for centuries.

This is why Habermas’s “two-track” model of rationalization posits increasingly instrumental development of the forces of production, but an increasing moralization of social relations in the lifeworld. His response to Rawls’s liberal egalitarianism was therefore two-fold. On the one hand, he was disposed to endorse the original position. On the other hand, he rejected the derivation of the difference principle, not because of any substantive objection to it, but rather because it represented an attempt, by the philosopher, to “fill in” the content of the system of norms, a job that in fact was performed “sociologically” within the lifeworld. It represented, in other words, an attempt to deduce from the structure of discourse the content of that which could be discursively redeemed. In Habermas’s view, this is somewhat like trying to deduce the content of scientific theories from the principle of induction. The structure of discourse is simply not determinate enough to permit such a derivation – it requires supplementation by the massive body of inherited norms, which constitute the institutional dimension of the lifeworld.

Thus Habermas initially rejects Rawls’s philosophical egalitarianism, not because it is egalitarian, but because it is philosophical.\textsuperscript{34} The most that one can get at the “transcendental” level – i.e. out of the structure of discourse – is a more abstract commitment to generalizability. In later work, however, he rather subtly shifts his claim, so instead of just talking about norms that satisfy

\textsuperscript{34} MCCA, pp. 66-67.
“everyone’s interests” (MCCA, p. 65) or the satisfy the “interests of each individual,” he begins referring to norms that are “equally in the interests of all.” (JA 29; BFN, ?). Habermas never explicitly justifies his insertion of an “equality” constraint into later formulations of the moral principle, and as we shall see, it raises a number of issues that have an important bearing upon the subsequent development of Habermas’s theoretical framework.

To summarize: the move on the part of the analytical Marxists toward egalitarianism was motivated by the fact that appeals to worker self-interest (i.e. instrumental rationality) were insufficient to motivate them to revolutionary action. Habermas was concerned, not by the insufficiency of instrumental rationality as an source of revolutionary motivation, but rather by more general deficiencies in instrumental rationality as a conception of practical rationality. His work is more ambitious in the sense that he tries to provide not just normative foundations for Marxism, but also some account of the status of these normative foundations, through his discourse theory. Furthermore, he understands the tension between normative principles such as equality and the realities of life under capitalism, not simply as a source of philosophical critique, but also as part of the institutional history of capitalist institutions. To put it rather bluntly, his view is that one cannot understand the existing structure of capitalist societies without seeing the ways in which these institutional arrangements serve to finesse the equality problem, nor can one understand the reasons for their characteristic instabilities. Thus Habermas’s critique is not purely moralizing, but retains an important historical and developmental dimension. In this respect, he is much closer in spirit to Marx’s “scientific” (as opposed to “utopian”) style of socialist critique.35

Learning to live with the market

35 I’ve been told that the term Habermas used to describe Rawls’s A Theory of Justice, upon first reading it, was “bloße Normativismus.” This was not intended as a compliment.
There is one other point of significant convergence between Habermas and the central proponents of analytical Marxism, which has served as a source of considerable dismay to Marx’s more traditional followers. Almost everyone who has sought to “update” Marxism, by reformulating it within the framework of 20th century social science, has wound up accepting – with a greater or lesser degrees of enthusiasm – the inevitability of the market economy. Roemer has taken the lead in this respect, by committing himself to a version of “market socialism,” in which ownership patterns would be changed (i.e. “socialized”), and yet the market would still be retained as the primary mechanism of economic integration. Habermas makes the shift more subtly, almost cryptically, by claiming that the lifeworld must lay “siege” to the system, but should not aspire to “conquer” it. Furthermore, he explicitly recommends against the “dedifferentiation” of system and lifeworld, on the grounds that communicative rationality is unable to sustain a complex modern society without the assistance of systemically organized domains of interaction. The question then becomes (above all, in Between Facts and Norms) how to limit the scope of the market, in order to prevent further intrusions into the lifeworld.

This acceptance of the market represents sometime of a capitulation rather than an embrace. As a result, none of these former Marxists have taken great pains to elaborate the basis for their re-evaluation of the virtues of capitalism. This is unfortunate, insofar as it has left many readers somewhat mystified by the change of heart, and unsure what to make of the normative aspect of these theories, tempered as they are now by the realization that, whatever improvements in social justice can be obtained must be obtained within the framework of a society structured by the market as a central economic institution. This requires, among other things, that we accept the inevitability of certain moral flaws in our society. Not everyone is willing to do so. Cohen, for instance, concludes his book, If You’re an Egalitarian, How Come You’re So Rich?, with the following complaint: “Business is, among

other things, people treating people according to a market norm – the norm that says they are to be dispensed with if they cannot produce at a rate which satisfies market demand. Of course, that promotes ‘efficiency’, but it also corrupts humanity. Business turns human producers into commodities.”

He quite pointedly refrains from drawing the conclusion, however, that this line of reasoning leads to. For the “market norm” that he refers to is, quite literally, a norm of the market – it has nothing to do with the ownership structure of the capitalist firm. Thus “business” would function in the same way under any system of market socialism and would therefore, in Cohen’s view, continue to corrupt humanity. In fact, any society that uses a price system to channel resources to their most productive employment would run afoul of Cohen’s complaint. Thus he finds himself in a dilemma: either he endorses some form of non-market system of economic integration (such as democratic planning, “post-scarcity” communism, etc.), or else he reevaluates the moral intuition, to see whether it should in fact function as a strict constraint on our choice of economic system. Unwilling to do either, he simply ends the book in silence.

Both Habermas and Roemer have been less cagey than Cohen, and have opted for the second horn of this dilemma – yet in both cases, without fully explaining why they do not regard the first as a reasonable option, other than by referring to the “complexity” of modern societies. This complexity argument refers to an important shift that occurred during the 20th century – without much fanfare – in the dominant understanding of what the “invisible hand” of the market contributes to social integration. The fact that Adam Smith remains a central figure in these discussions in many ways obscures two important conceptual changes that have occurred since his time. In Smith’s view, the primary service

37 Cohen, If You’re an Egalitarian, p. 181.
38 Roemer writes, “I think that any complex society must use markets in order to produce and distribute the goods that people need for their self-realization and welfare,” A Future for Socialism, p. 27. Habermas argues that the idea of “a society made up entirely of horizontal networks of associates was always utopian; today it is still less workable, give the regulatory and organizational needs of modern societies,” “Popular Sovereignty as Procedure,” in Between Facts and Norms, p. 481.
rendered by the invisible hand was motivational. By allowing individuals to act on the basis of their own self-interest, narrowly conceived, and yet organizing the interaction in a way that guarantees mutual benefit, the invisible hand of the market decreases the motivational burden that the imperatives of economic coordination impose upon society. The transformation of “private vice” into “public virtue” means that individuals don’t have to be socialized (or otherwise induced) to be nice, they can for the most part pursue their self-interest, subject only to the somewhat minimal constraints of the system of property rights and the law of contract. This allows the scope of economic cooperation to be expanded beyond the domain that could be directly integrated through socialization into a common set of values. (One can see this idea articulated quite clearly in Emile Durkheim’s *Division of Labour in Society*, where organic solidarity permits the emergence of large-scale cooperation that mechanical solidarity would not permit, largely for motivational reasons – the latter requires a higher degree of value-consensus, which is difficult to achieve through socialization.39)

The emergence of large-scale capitalist firms in the late 19th century and central planning in the first half of the 20th presented an important challenge to this view. Large-scale bureaucracies such as these seemed to have little difficulty providing adequate incentives to their members. Thus the need to avoid appealing to the “benevolence of the butcher, the brewer, or the baker,” in order to obtain one’s dinner began to seem much less pressing. Yet at the same time, a number of relatively unexpected difficulties with the bureaucratic pattern of organization began to emerge. In particular, economists began to appreciate what Alec Nove called “the curse of scale” – namely, that as an economy grows, the complexity of economic relations increases exponentially. This is because most economic “outputs” are in fact “inputs” to other aspects of the production process, which creates over time dense webs of complex, crosscutting, horizontal relationships among producers. This makes it impossible to “parcel out” tasks with the bureaucracy (or to create a bureaucratic division of labor) in a way that mirrors the

division of labor within society. As Nove wrote, with reference to the Soviet economy:

It is inevitable that production plans are issued from offices other than those responsible for material allocation. It is also obvious that if to produce a good requires ten different inputs, these are likely to be allocated by ten different offices, each of which is also responsible for allocating the item in question to other economic sectors that use it. Consequently, there is an immense task of coordination, to ensure that, at a microeconomic operational level, production and input plans are coherent and consistent... But output and inputs are only part of the process of planning. Labour, the wages bill, profits, investments, payments in the state budget, technological change, economy of materials and fuel, labour productivity, cost reduction, value (gross or net) of turnover, the fulfilment of delivery obligations, and other items (such as a reduction in the size of office staffs) figure or have figured on the list of compulsory plan objectives. These too can contradict one another, and conflict with output plans, or with the production of goods actually required by the users.  

The important point is that the decisions that must be made with respect to each of these aspects of the production process are *interdependent*, which is why the Soviet central planners never succeeded in achieving a stable plan. Even if there is a “solution” to the optimization problem in the abstract, no one knows what it is, and so the production and allocation decisions that do get made wind up being the result of a more-or-less decentralized system of officials acting upon partial information. The question is what sort of information they have access to. Here, it is argued, is where the superiority of the market begins to assert itself. As Frederick Hayek claimed, the central advantage of the market is not

41 Nove, *Economics of a Feasible Socialism*, p. 81.
that it allows society to economize on moral motivation, but that it allows society to economize on information. An individual firm, acting only on the basis of local information – more specifically, the prices of inputs and outputs – is able to make the production decisions that are “right” with respect to the overall optimization problem confronting society as a whole. Market-determined prices, in Hayek’s view, serve a much more important role in their capacity as signals than they do as incentives. The market is both a “revelation mechanism” and a coordination mechanism. From this perspective, the problem with the Soviet system is not that it undermotivated producers; on the contrary, producers in general responded quite well to the incentives that they were provided with. The problem was that information deficits caused the system to generate the wrong incentives (and in many cases, perverse incentives).  

This represents an extremely important shift in the debate. There have always been a number of quite reasonable objections to the motivational arguments for the market. Because economic models of action have systematically understated the importance of moral motivation – often for rather transparently ideological reasons – it was not difficult to imagine that some other economic system might tap into these motives more effectively, and thus have much less need for the services of the invisible hand. By contrast, the informational arguments for the market are much more powerful. In particular, these arguments sideline the objections arising from the issue of moral motivation, since the failure to act instrumentally provides not real social benefit, it only serves as a source of “noise” in the system, degrading the information content of the signals sent by the price system.

This explains why the issue of “complexity” is such an important consideration for Habermas, and for analytical Marxists like Roemer. With Roemer, the concerns are presented in more-or-less the

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42 Where the issue of incentives has remained important is in dealing with the technological innovation (i.e. Schumpeterian “creative destruction”) and the so-called “hard budget constraint” (Kornai).

43 John Gray, The Moral Foundations of Market Institutions ().
terms that are used here. Habermas, on the other hand, articulates the relevant considerations in systems-theoretic, rather than rational choice terms (thus, for example, the problem of “interdependent choice” is referred to as “double contingency,” the need for “equilibrium” is formulated in terms of “recursive closure” of systems, etc). Nevertheless, one can see fairly easily that the issue of information is what ultimately becomes central to his account.

In the *Legitimation Crisis* era, Habermas believed that it was the class structure of society that imposed the need for system-lifeworld differentiation. The existence of classes reflects of the presence of a non-generalizable interest in the core principle of economic organization, which prevents the society from being integrated through free and open communication. As a result, it must be “forcefully integrated” through media-steered systems of instrumental action. People must be given incentives, rather than reasons, to obey the rules. It follows from this view that the abolition of class society would render otiose the differentiation of system and lifeworld (thus workplace democracy would replace the hierarchical capitalist firm, etc.) In later work (*The Theory of Communicative Action*, in particular), Habermas no longer regards the differentiation of system and lifeworld as simply a byproduct of the class structure, but as a precondition for the emergence of complex societies. While he still thinks that systemic integration decreases the motivational burdens imposed upon the lifeworld, he puts increased emphasis on the way that systemic integration permits the reorganization of social interaction through the “steering media” of money and power. So while one can still find highly Durkheimian formulations of role of the market (e.g. “The capitalist economy can no longer be understood as an institutional order in the sense of the traditional state; it is the medium of exchange that is institutionalized, while the subsystem differentiated out via this medium is, as a whole, a block of more or less norm-free sociality”), the Luhmannian emphasis on communication becomes more apparent. According to this

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45 Habermas, *Legitimation Crisis*, p. 27.
46 TCA, 2:171.
view, the primary significance of the “medium of exchange” – in this case money – in the systemic domain is the role that it plays as a communication system, rather than as a bearer of incentives.\textsuperscript{47} This is important, in Habermas’s view, because it means that such steering media, once institutionalized, permit the emergence of much more complex organizational forms, precisely because they “uncouple the coordination of action from consensus formation in language,” and thus “largely spare us the costs of dissensus.”\textsuperscript{48} Thus “media-steered interactions can be spatially and temporally interconnected in increasingly complex webs, without it being necessary for anyone to survey and stand accountable for these communicative networks – even if only in the manner of collective background knowledge.”\textsuperscript{49} Eventually, the system becomes so complex that no one could “survey and stand accountable” for it, which means that it cannot be transposed back onto a basis of integration through communicative rationality. Habermas puts it most bluntly in Between Facts and Norms, when he writes that, “Even under favorable conditions, no complex society could ever correspond to the model of purely communicative social relations.”\textsuperscript{50}

Habermas couches his acceptance of the market in terms of the inevitability of system differentiation, rather than the market \textit{per se}. However, since he regards the conflict between capitalism and state socialism as essentially a question of which system should take the lead role in reproducing the “material basis” of society – the market or the state – and since this conflict pertains only to the organization of the systemic sphere, he considers the question to be one that should be settled on functional grounds. From this perspective, it is relatively uncontroversial to say that the market is functionally superior. It is the systems-theoretic argument that is controversial, since it is the one that takes various utopian proposals, such as “worker self-management” or the “community of associated

\begin{itemize}
  \item \textsuperscript{47} Luhmann, \textit{Social Systems}, p. 460.
  \item \textsuperscript{48} TCA, 2:263.
  \item \textsuperscript{49} TCA, 2:263.
  \item \textsuperscript{50} Habermas, \textit{Between Facts and Norms}, p. 326.
\end{itemize}
producers” off the table.51

In this respect, Habermas is considerably more pessimistic than Roemer, who is still campaigning for the reform of capitalism (with respect to ownership relations, rather than market patterns of integration). Habermas winds up endorsing not just the “social containment of capitalism,” but the “social containment” of the interventionist state as well (since these are both just systemically integrated domains). This is what motivates his interest in the medium of “positive law” in later work, such as *Between Facts and Norms*. Positive law is precisely the mechanism that establishes the frontier between system and lifeworld (reflected in the fact that it is bureaucratically enacted, coercively imposed, and yet still makes a claim to legitimacy). Positive law supplies individuals with purely instrumental reasons to obey, while maintaining its connection to the domain of reason and validity through processes of democratic deliberation. Thus Habermas’s interest in the law, and questions of legal theory, is a fairly direct consequence of his adoption of a “containment strategy” with respect to the systemic domain.

**Looking forward**

The discussion so far has been something of a “compare and contrast” exercise. By way of conclusion, I would like to suggest some lessons that might be drawn from the discussion of these two different intellectual trajectories. The fact that Habermas on the one side, the analytical Marxists on the other, were responding to very much the same problems, and trying to achieve the same objectives – yet without paying any serious attention to the work being done on either side – suggests that there is something non-arbitrary about the points of convergence that ultimately developed. Thus the abandonment of a base-superstructure model of historical development, the move toward a more explicitly normative, egalitarian critique of capitalism, and the acceptance of the market as the

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predominant system of economic interaction, should not be dismissed lightly. At very least, the analysis presented here shows that this outcome was not merely a consequence of the “undialectical” or “individualist” methodology adopted by the analytical Marxists, since Habermas arrived at essentially the same conclusions taking Frankfurt School critical theory as his point of departure.

That having been said, the discussion above does suggest some serious limitations in the rational choice approach, especially since none of the analytical Marxists has even attempted to square his commitment to instrumental rationality at the action-theoretic level with egalitarianism at the normative level. Furthermore, there is something fundamentally un-Marxian about the way that the analytical Marxists backed into an egalitarian critique of capitalism. If Marxism is to be reinterpreted as (or replaced by) a moral critique of capitalism, based upon some commitment to a fundamental principle of equality, does this not also require some reinterpretation of the history of class conflict? Does it not change the way that we understand revolutionary political action, or the history of working-class consciousness? More to the point, does the fact that capitalism violates certain egalitarian principles not have some explanatory significance, when it comes to understanding the history of the labor movement, or the emergence of the welfare state? At very least, it would appear to undermine Cohen’s defence of historical materialism. His primacy thesis is based upon the assumption that the exercise of human reason serves as a source of endogenous change in the forces of production, but that no comparable tendency exists within the relations of production. Yet if egalitarianism has any sort of rational foundations (which it would need to have, in order to supply a normative basis for a critique of capitalism), then the exercise of human reason would appear to provide a source of endogenous change within the relations of production, by putting constant pressure upon inegalitarian social arrangements. This suggests that something like Habermas’s “two-track” model of development provides a far more plausible reconstruction of historical materialism. Unfortunately, when considering limitations of the “base-superstructure” model, Cohen has focused entirely upon irrational factors, such as religion or
nationalism, at the cultural level. He has made no attempt to integrate his own commitment to egalitarianism into the model of historical development.

In this respect, Habermas’s basic conceptual framework was better thought through than Cohen’s, because he anticipated these issues well in advance. However, as a research program, Habermas’s framework has proven to be significantly less fruitful. The work of the analytical Marxists has provoked an extraordinary robust debate about the nature, scope and currency of egalitarian justice, not to mention giving rise to the new school of left-libertarianism. Within all of these debates, it is not difficult to find contributions that build upon the foundational work of analytical Marxists, yet take that thinking in new and important directions. With Habermas, on the other hand, while there is a significant body of commentary and criticism, it is difficult to name a single piece of work that builds constructively upon his framework, or that extends it in any significant way. The “colonization of the lifeworld” thesis, for example, has not been picked up and developed beyond the point at which Habermas left it. The debate over Habermas’s “universalization principle” has generated many claims and counterclaims, but has not generated much that is new, in the way that, say, the “equality of what?” debate has. I would like to speculate briefly on why this might be so.

The first point is the rational choice theory, while flawed in various well-documented ways, has nevertheless been an extraordinarily fruitful source of research hypotheses. Furthermore, it can be used to generate, in a relatively straightforward way, empirically verifiable claims – hence the vast body of research conducted under the rubric of “experimental game theory.” The fact that much of this research is taken to have falsified the rational choice model is a good thing in one respect, viz. it shows that the


53 For example, both luck egalitarianism and left-libertarianism have generated some provocative contributions to debates in bioethics, because of the presumption that they generate in favor of abolishing or “socializing” natural inequalities. See Allen Buchanan, Norman Daniels, Daniel Wikler, Dan Brock, From Chance to Choice: Genetics and Justice (Cambridge: Cambridge University Press, 2000).
model is indeed falsifiable. The same cannot be said for systems theory. In Luhmann’s later work, in particular, systems theory becomes less and less an model of society, and more just a way of talking (an obscure and in many respects counterintuitive one at that). And increasingly, Luhmann’s response to criticism has taken the form “you can’t stop me from talking this way, because I can redescribe anything you say in a systems-theoretic idiom.” When this sort of move gets made, straightforward falsification is no longer possible. The question therefore becomes one of expressive adequacy. Does the systems-theoretic vocabulary allow us to provide a more perspicuous articulation of social reality, or does it harass and hinder those efforts? The fact that sociological systems theory has generated few if any fruitful research hypotheses, and in its theoretical development still depends upon the increasingly obscure pronouncements of its central exponent should be grounds for serious concern about its usefulness in the scientific endeavour.

I think that this explains why certain of Habermas’s ideas, such as the “colonization thesis,” have not been subject to any further development. The claims that he makes, for instance, about the displacement of crisis tendencies into peripheral domains of the lifeworld, despite being provocative and interesting, are based upon structural schemata and functional relations that are simply not verifiable. It is not even clear how one could debate the claims that he makes, e.g. suppose one thought that “culture” rather than “society” was the point of incursion of systemic disequilibria into the lifeworld, and thus that anomic conditions were the result of displacement of crisis tendencies. How would one go about making the case?

The second major problem arises from Habermas’s rather contradictory pronouncements on the subject of equality. The key question is whether the principle of equality belongs on the “transcendental” or the “content” side of Habermas’s discourse ethics, i.e. whether it is entailed by the

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54 Pace some of its defenders, such as Ken Binmore, Game Theory and the Social Contract (Cambridge, MA: MIT Press, ?) p ?.

55 TCA 2:385-386.
presuppositions of argument, and is thus beyond contestation, or whether it is merely one of the principles that are subject to discursive thematization and debate. Habermas’s initial discussion of Rawls suggested the latter. According to this view, discourse entailed only a very abstract symmetry constraint, not a full-blown commitment to equality. Yet Habermas’s subsequent glossing of his universalization principle in terms of the “equal interest” of participants suggested that equality was in fact a necessary presupposition. The problem with this later view is two-fold. First, it stymies any attempt to provide a richer, more detailed elaboration of the principle of equality, because only something that is very thin could possibly be entailed by the presuppositions of discourse. Thus there is an incentive to avoid discussing the sort of detailed questions that arise within the literature on equality (such as the status of the “levelling down” problem, or the question of ranking imperfectly equal states). Second, the “transcendentalization” of equality redirects the philosophical debate into a rather stale metaethical discussion about the status of these “presuppositions of discourse,” while distracting from the various pragmatic-ethical arguments that can be advanced in its favor.\(^{56}\) Neither of these consequences are necessarily entailed by Habermas’s view, it is just that the way he formulates the problem has given considerable encouragement to them. (Similarly, his rather sketchy claims, in *Between Facts and Norms*, about “deriving” social rights from the discourse principle\(^{57}\) has led to the subsequent philosophical discussion to focus on the status of this derivation.\(^{58}\) By contrast, the type of rich discussion of the modalities of social rights and their implementation, provoked by Phillippe Van Parijs’s reflections, has been notably absent.\(^{59}\))

Analytical Marxists can look to Habermas to render their theory coherent. Fundamental question: how

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57 Habermas, *Between Facts and Norms*, p. 123.
can you square the commitment to rational choice theory at the action-theoretic level with the
commitment to egalitarianism at the normative level? Habermasians, on the other hand, should look to
analytical Marxism for some ideas on how to make the framework more theoretically fruitful.