

RAWLS'S PROPERTY-OWNING DEMOCRACY: IS IT A COMPROMISE OR A MIXED ECONOMIC REGIME?

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Intisari: Tulisan ini mengkaji diskusi tentang demokrasi pemilikan harta-kekayaan (*property-owning democracy*), dan bagaimana konsep ini berhubungan dengan Kapitalisme Negara Kesejahteraan (*Welfare state-Capitalism*) dan sosialisme (demokrasi) liberal (*Liberal [democratic] Socialism*).

Akar intelektual, bentuk kelembagaan, dan justifikasi yang diajukan Rawls akan ditelusuri. Tulisan ini membantah pandangan yang mengatakan bahwa demokrasi pemilikan harta kekayaan tidak sejalan dengan gagasan Rawls tentang sosialisme (demokrasi) liberal. Argumentasinya adalah meskipun gagasan Rawls tentang demokrasi pemilikan harta-kekayaan tidak bisa dipahami tanpa mengaitkannya dengan pengertian Kapitalisme Negara Kesejahteraan dan Sosialisme (Demokrasi) Liberal, ide demokrasi pemilikan harta kekayaan bukanlah kompromi antara sistem ekonomi sosialisme dan sistem ekonomi kapitalisme, namun merupakan rejim ekonomi campuran.

Key Words: *Rawls, property-owning democracy, Welfare State-Capitalism, Liberal (Democratic) Socialism, a mixed economic regime*

Since Rawls has published *A Theory of Justice*, there has been controversy with regard to what kind of economic regime that is more compatible with Rawlsian justice, that is, whether Rawls endorses private ownership or social ownership of the means of production. As it is commonly hold that liberals seek a compromise between libertarians on the right, who believe in liberty, and Marxists on the left, who believe in equality (e.g. Sterba, 1988: 31), one often assumes that liberals, including John Rawls, must endorse welfare state, that is a "sort of economic regime that represents a combination of capitalist freedom and inequalities with various egalitarian welfare policies" (cited in Kymlicka 1990: 85).

While many interpreters of Rawls have characterized his *A Theory of Justice* and property-owning democracy as a capitalist welfare system (Wolff 1977: 195: cf. Doppelt 1981: 262; Clark and Gintis 1978: 311-14; Barber 1975; Amdur, 1980; Schweickart 1978), others suggest that his political and economic regime is completely different from the capitalism in the classical sense of Marxism (DiQuattro, 1983; Krouse and MacPherson 1988). Interestingly, Rawls himself does not accept welfare state capitalism, and he instead illustrates the quite different idea of "property-owning democracy" (Rawls 2001: p. 135, Rawls 1999: p. 242: see also Kymlicka 1990: 88; Jung 2003).

This essay is an attempt to critically examine the question of what property-owning democracy is according to Rawls, and to refute the view that says that

Rawlsian justice, particularly concerning his political liberalism, cannot be compatible with a liberal (democratic) socialism (see Jung, 2000). It is this essay's contention, however, that while an understanding of Rawls' property-owning democracy necessitates an understanding of his own critical notion of welfare state capitalism and liberal (democratic) socialism, Rawls's property-owning democracy does not represent a compromise between capitalist and socialist economic system, but represent a mixed economic regime.

There are two main points covered in this essay. In the first part, it will examine Rawls' conception of property owning democracy. The aim is to trace the intellectual roots of this idea, its main institutions and justification. In the second part, it will further discuss the nature of Rawls's property owning democracy and how this relates to a welfare state capitalism and a liberal (democratic) socialism. While welfare state capitalism is often defined as an economic regime in which "government-protected minimum standards of income, nutrition, health, housing and education, assured to every citizens as a political right, not as charity" (cited in Wolin, 1987: 493), this, according to Rawls, would be different from both of his property-owning democracy and liberal (democratic) socialism. The difference notions of welfare state capitalism and liberal (democratic) socialism will be further explored in this essay, however, it will be suggested that, against Wonsup Jung's view, Rawls's property owning democracy is indeed compatible with a liberal (democratic) socialism. A conclusion will end this essay.

RAWLS'S CONCEPTION OF PROPERTY OWNING DEMOCRACY: INTELLECTUAL ROOTS, INSTITUTIONS AND JUSTIFICATION

Even though Rawls declares himself as endorsing property-owning democracy, there is a criticism which says that his points of property-owning democracy "never find their way into the substance of his theory of justice" (Doppelt 1981: 276). However, while it may be true that Rawls's property-owning democracy represent a rather modest proposal to limit inheritances, or that he does not provide any idea to confront the injustice in our society, or indeed whether he thinks there are substantial injustice to be confronted (Kymlicka, 1990: 89), the intellectual roots of Rawls's property owning democracy and its main institutions can be readily identified.

Rawls takes the term of property-owning democracy from James E. Meade whose his "Efficiency, Equality and the Ownership of Property" proposes "four possible lines of attack as the replacement of the Brave New Capitalist Paradise" in the form of: 1) Trade Union State, 2) A Welfare State, 3) A Property owning democracy, and 4) A Socialist State (Meade, 1964: 27-75; Jung, 2000; see also Rawls, 1999: 242; 2001: 135)¹. However, unlike Meade, Rawls himself distinguishes five kinds of regime in the forms of: a) laissez-faire capitalism; b) welfare state-capitalism; c) state socialism with a command economy; d) property-owning democracy; and finally, e) liberal (democratic) socialism, and suggesting that it is only (d) and (e) above, the property-owning democracy and liberal socialism, that does not violate the two principles of justice. Moreover,

while he says that there is no need to decide between a property-owning democracy and a liberal socialist regime (Rawls, 2001: 138), Rawls clearly thinks that his property-owning democracy would realize all the main political values expressed by *the two principles of justice* and hence such a democracy would be an alternative to capitalism (Rawls, 2001: 135-6). What are then the main institutions of property owning democracy according to Rawls?

From his *Justice as Fairness: A Restatement* (2001: 176), one can see the following points of Rawls's main institutions of property-owning democracy:

- i) Provisions for securing the fair value of political liberties;
- ii) Provisions for realizing fair equality of opportunity in education and training
- iii) A basic level of health-care provided for all.

However, in his *A Theory of Justice*, Rawls also insists upon two conditions and, these are; 1) a regime of competitive markets, and, 2) state intervention both to correct market imperfections (e. g., to supply public goods and to correct negative externalities) and to ensure the background conditions essential to distributive justice (Rawls, 1999, pp. 234-242). Those points suggest that the main institutions of property-owning democracy are the above-mentioned i), ii), and iii), together with iv), competitive markets and state intervention (cited in Jung 2003: 2). Having outlining Rawls's main institutions of property-owning democracy, we need to examine how these are to be justified.

Firstly, relates to the provision of securing the fair value of political liberties. One of the questions here is that despite Rawls's criticism that welfare state capitalism rejects the fair value of the political liberties, and despite Rawls insistence that the principles of justice can be realized by both a property-owning democracy and a liberal socialism regime (Rawls, 2001: 138), Rawls also is the target of the standard left wing criticism (See, for instance, Doppelt 1981). According to left-wing critique, liberal justice is endorsing formal equality, in the form of equal opportunity or equal civil and political rights, while ignoring material inequalities, in the form of unequal access to resources (Kymlicka, 1990: 160) and thus "the equal liberties in the liberal democratic state are solely formal and the great inequalities in the background institutions enable the few with more wealth and powers to control the political lives" (Jung, 2000: 2).

However, Rawls clearly believes that material inequalities (under difference principles) are compatible with equal rights (under the liberty principles) and this is often pointed out as "evidence of a lingering commitment to formal equality" (Daniels 1975: 279; Nielsen 1978: 231; Macpherson 1973: 87-94, see also Kymlicka 1990: 160). This would suggest that Rawls has met left-wing objection, since despite the alleged weaknesses in Rawls distinction between the basic liberties and the worth of liberties, Rawls does include in the first principle of justice a proviso that equal political liberties, and that only these liberties are to be guaranteed their fair value (Rawls, 2001: 149: see also Jung, 2000: 2).

The question remains, however, as to what kinds of institutional arrangements that are needed to secure the fair value of political liberty. According to Wonsup Jung, even though it has been simply assumed by Rawls

that there are practicable institutional ways of doing this compatible with the central range of application of the other basic liberties, there are two alternative in Rawls's justice as fairness that answer the kinds of institutional arrangements needed to secure the fair value of political liberty, and these are: 1) insulating the state from the influence of underlying inequalities in economy and society, and 2) eliminating those inequalities, underscoring that "Rawls covers both of these alternative" (Jung, 2000: 2-3). In explaining why this is so, Wonsup Jung further notes, "With respect to the first, what is crucial is that political parties and the political process be autonomous with respect to private demands. Rawls proposes the public funding of elections and restrictions on campaign contributions. But the insulation of the state from the background inequalities cannot be sufficiently guaranteed enough to secure the fair value of political liberty without eliminating those inequalities. For capitalist economies impose significant structural constraints upon the range of policy options available to the liberal democratic state. So the fair value of political liberties requires the elimination of at least the most severe underlying economic inequalities if political process is to be insulated from the inequalities. As for the second, Rawls also emphasizes that if the fair value of political liberty is to be maintained, background institutions for upholding distributive justice must prevent excessive accumulation of property and wealth. We may think of the difference principle as a means of equalizing the wealth. The egalitarian potential of the difference principle would face powerful constraints, both political and economic. But it (the difference principle) says that to benefit still further from that good fortune we must train and educate our endowments to work in socially useful ways that contribute to the advantages of those who have less. The difference principle is to justify just inequalities, though they may be rather great, not to disperse the wealth of the more able to the less able equally"

Secondly, relates to Rawls's provisions of the fair equality of opportunity in education and training. This certainly cannot be separated from the idea of equality of opportunity, which he in a part endorses, as he believes that the expectation of those with same abilities and aspirations should not be affected by their social class. However, while Rawls recognizes the attractiveness the idea of fair equality of opportunity, he seems to suggest a quite different line of reason for justifying the fair equality of opportunity in education and training. For Rawls places the task of education within a wide role of political conception and as a consequence of the publicity condition (Rawls, 2001: 56). It is through acquaintance with and participation in the public culture that make it possible for citizens to learn to conceive themselves as free and equal. Thus, while the allocation of resources in education according to difference principle would be intended to improve the long-term expectation of the least favored, Rawls also insists that "if this end is attained by giving more attention to the better endowed, it is permissible; otherwise not" (Rawls, 1999: 87).

In other words, it is necessary to devote more attention and resources to those born into less favorable social positions or with fewer native assets, as this

can treat all persons equally. But the fair equality of opportunity in education can at best be imperfectly realized, so long as the autonomy of family is respected, and thus, formal equality of opportunity in education is necessary but insufficient, for the higher education which influences the individual's earning powers and which may bring out a great inequality of wealth makes up a very large part of the cost (cited in Jung, 2000: 3). This would mean that fair equality of opportunity in education and training requires constraints upon the permissible degree of underlying inequality. As can be recognized from the purpose of the distribution branch in Rawls's structure of governmental institution, there has been emphasis upon restricting the intergenerational transfer of unequal property and wealth, that is, by requiring a steeply progressive taxation on gifts and inheritance² (Rawls, 1999, pp. 245-247). In sum Rawls notes,

The difference principle would allocate resources in education, say, so as to improve the long-term expectation of the least favored. If this end is attained by giving more attention to the better endowed, it is permissible; otherwise not. And in making this decision, the value of education should not be assessed solely in term of economic efficiency and social welfare. Equally, if not more important is the role of education in enabling a person to enjoy the culture of his society and to take part in its affairs, and this way to provide for each individual a secure sense of his own worth (Rawls, 1999: 87).

Thirdly, the same line of argument applies in the justification for a basic level of health-care for all, as health also constitutes one among various 'primary goods', precisely as *natural* primary goods to differentiate with *social* ones (Kymlicka 1999: 64). As primary goods are goods that valued by all and should be considered as "distribuendum" (Van Donselaar, 2003), thus medical health care should also be provided as a realization of justice as fairness which takes the basic structure as the primary subject of political justice (Rawls, 2001: 10). However, a question remains as there is an objection with regard to flexibility of an index of primary goods used by Rawls and this can be seen in the works of Amartya Sen (for an example, see Sen 1997). Sen advocates a Basic Capabilities Approach on which the distribution of resources among individuals in a society is to be evaluated on the basis of its contribution to individual capabilities to function in certain basic ways that are thought to be *objectively* important or valuable (cited in Peffer, 2003). Sen's criticism against Rawls is that "the primary goods is bound to be too inflexible to be fair" and that "by abstracting from the relation of goods to basic capabilities and focusing on primary goods, an index of primary goods focuses on the wrong thing" (cited in Rawls 2001: 168-9). In a response, Rawls says that the account of primary goods does consider, and does not abstract from basic capabilities, and it does recognize the fundamental relation between primary goods and person's basic capabilities and thus according to Rawls the index of primary goods have considerable flexibility (Rawls, 2001: 169-70).

Therefore, with regard to the differences in the citizen's needs for medical care, Rawls indicates that it is of great significance to regard citizens as having a

public (political) identity over a complete life, and viewing them as normal and fully cooperating members of society over that life. Moreover, as the index of primary goods is an index of expectations of these goods over the course of a complete life, this expectation enables the two principles to allow for differences in need arising from illness and accident over the normal course of a complete life, saying that “individual expectation of primary goods (their index) can be the same ex-ante, while the good they actually receive are different ex post, depending on the various goods contingencies—in this case, on the illness and accident that befall them (Rawls, 2001: 173). However, according to Rawls, as one views the question of medical care under the guidelines of the difference principles, it does not follow that “the provision of medical care is merely to supplement the income of the least advantaged”, rather “provision for medical care, as with primary goods generally, is to meet the needs and requirements of citizens as free and equal” (2001: 174).

Finally, as Rawls's justifications for his property-owning democracy have been outfitted by a regime of competitive markets, and, state intervention both to correct market imperfections (e.g., to supply public goods and to correct negative externalities) and to ensure the background conditions essential to distributive justice (Rawls, 1999, op cit), there remains an open question regarding the nature of Rawls's property owning democracy, that is, whether it is a compromise between difference economic regimes, or it represents a mixed economic regime. In what follows, we will further discuss the nature of Rawls's property-owning democracy by discussing it with those of welfare state capitalism and liberal (democratic) socialism.

RAWLS'S PROPERTY OWNING DEMOCRACY, WELFARE STATE AND LIBERAL SOCIALISM

It is clear that Rawls's difference principles underline the importance to eliminate excessive inequalities of wealth and power which exist at the expense of worst-off and not to their economic advantage, while (in his first principle of justice) it is also maintained that everyone should enjoy the equal rights and liberties of democratic citizenship. As has already mentioned, this is supposed to explain that Rawls endorses the welfare state, as he seems to combine capitalist freedoms and inequalities with various egalitarian policies.

The essence of welfare state, according to a standard definition, “is government-protected minimum standards of income, nutrition, health, housing and education, assured to every citizens as a political right, not as charity”, or, it is “the predictable delivery of public-funded benefits to people in need without imposing systematic degradations and restriction upon them” (cited in Wolin, 1987: 493). Like in every modern industrial state, a welfare state does not permit natural or social contingencies fully to determine the life chance of its member and therefore all have programs whose explicit purpose is to protect adults and children from the degradation and insecurity of ignorance, illness, disability, unemployment, and poverty (Gutmann, 1988: 3; see also Jung, 2000: 4). There is

thus a reason why many authors regard Rawlsian justice as one of defense of welfare state capitalism. As Wonsup Jung points out, it is also in this sense that Rawls's property-owning democracy could be seen as a welfare state, even if not as a welfare state capitalism rooted in the utilitarianism (2003: 4). But as has already mentioned, Rawls himself denies that his principles of liberal equality can be met by the welfare state.

I think Rawls's assertion that his principle of liberal equality cannot be met by the welfare state is convincing. There are at least two fundamental differences between Rawls's property-owning democracy and welfare state capitalism. In the first place, unlike a welfare state, Rawls's property-owning democracy emphasizes the necessity of progressive taxation to regulate bequest and inheritance to preserve a just basic structure over time³. Here, Rawls's idea is in line with that of Meade's, even though, the aim of progressive taxation is not to raise funds to subsidize the poor, but to encourage a wide and far more equal dispersion of real property and productive assets, that is, to prevent accumulations of wealth that are judged to be inimical to background of justice, e.g. the fair value of political liberties and to fair equality of opportunity (Rawls 2002: 161). Critics say that the progressive taxation endorsed by both Rawls and Meade may promote consumption rather than savings, as Rawls difference principle does not require continual economic growth, and therefore, net real saving may fall zero. Rawls himself acknowledges this criticism. However, Rawls says that the principle of just savings should hold between generations, while the difference principle holds within generations (Rawls, 2001: 159). For Rawls, real saving is required only for reasons of justice, namely, to make possible the conditions needed to establish and to preserve a just basic structure over time. In other words, while Meade preferred the progressive taxation according to the size of the total amount which he had received over the whole of his life by way of gift or inheritance, the principle of progressive taxation, in Rawls's property-owning democracy, is applied at the receiver's ends and income taxation might be avoided altogether.

In the second place, while Rawls himself acknowledges that both property-owning democracy and welfare state capitalism allow private property in productive assets, however, there is another fundamental difference between them as the background institutions of property-owning democracy work to disperse the ownership of wealth and capital, and these would prevent a small part of society to control the economy, and indirectly political life as well (Rawls, 2001: 139). Thus, unlike welfare state capitalism that may permit a small class to have a near monopoly of the means of production (Sen, 1979: 464), property-owning democracy avoids this, not by the redistribution of incomes to those with less at the end of each period, but rather by insuring the widespread ownership of productive assets and human capital (that is, education and trained skills) at the beginning of each period, all this against a background which puts all citizens in a position to manage their own affairs on a footing of a suitable degree of social and economic equality. Thus, different from welfare state capitalism, the major feature of property-owning democracy according to Rawls would be that,

“the least advantaged are not... the unfortunate and unlucky—objects of our charity and compassion, much less our pity—but those to whom reciprocity is owed as a matter of political justice among those who are free and equal citizens along with everyone else. Although they control fewer resources, they are doing their full share on terms recognized by all as mutually advantageous and consistent with everyone’s self respect” (Rawls, 2001: 139).

Those two differences may suggest that the notions that welfare state capitalism and property-owning democracy, as two alternative regimes, exemplify two different strategies for providing justice in political economy. As Krouse and McPherson point out, “while welfare state capitalism accepts as given substantial inequality in the initial distribution of property and skill endowments, and then seeks to redistribute income ex post, property-owning democracy seeks greater equality in the ex ante distribution of property and skill endowments, with correspondingly less emphasis on subsequent redistributive measures” (Krouse and McPherson, 1988: 84; Kymlicka 1999: 88). Moreover, since property-owning democracy does not accept severe class inequality in the distribution of physical and human capital by seeking to reduce the consequent disparities in the market outcomes through redistributive tax and transfer programs as in the case of welfare state, but instead aims at sharply reduced inequality in the underlying distribution of property and wealth, and greater equality of opportunity to invest in human capital, so that the operation of the market generates smaller inequalities to begin with, it would prevent relations of domination and degradation within the division of labor as the distinction between laboring and capitalist class disappear (see Kymlicka, 1999: 88)

Much less clear is the relationship between Rawls’s property-owning democracy and liberal (democratic) socialism. For, while Rawls himself argues that we need not decide between a property-owning democracy and a liberal socialist regime to illustrate the content of two principles of justice, saying that “in each case, the principles of justice can be realized (Rawls, 2001: 138), a critic suggests that liberal (democratic) socialism cannot be compatible with Rawlsian justice, adding that Rawls’s property owning democracy should be understood as a mixed regime which includes both socialists and private ownership of the means of production (Jung,2003: 1). Against these two conflicting views, I will demonstrate, however, that Rawls’s assertion that a decentralized socialist system can meet the requirements of his principles of justice is defensible, even though the view that his economic regime is best understood as a mixed regime can also be maintained. One of the reasons why liberal (democratic) socialism is supposed to be not compatible with Rawlsian justice has been based on the alleged contrast between property owning democracy and liberal (democratic) socialism. It is because in liberal socialism capitalist firms are bound to be prevented from forming, and only worker controlled firms compete against one another. Therefore, the workers have only the right to access, that is, to use rights and the income rights, etc, and they do not have the right to sell, alienate to other and destroy the means of production, since “if they have the full ownership rights

over the mean of production, then capitalists firms could emerge” (Jung, 2000: 5). This contrast is plausible, as Rawls himself acknowledges that the workers cannot have full ownership rights over the means of production as these are owned by society (Rawls, 2001: 138), besides Rawls himself suggests that the first principles of justice includes a right to private property, but this is different from the right of private property in productive assets (Rawls, 2001: 138).

However, it cannot be concluded that Rawls is wrong in his assertion that his property-owning democracy as well as liberal (democratic) socialism can realize the content of the two principles of justice, since it is clear that the realization of the principles in each case depends on the working of their institutions, that is, whether or not they work as described (see Rawls, 2003: 138). This means, as Rawls explains, when a practical decision is to be made between property-owning democracy and a liberal socialist regime, we look to society’s historical circumstances, to its tradition of political thought and practice, and much else, adding that “justice as fairness does not decide between these regimes but tries to set out guidelines for how the decision can reasonably be approached” (Rawls, 2001: 139). Perhaps, then, the contrast is not fundamentally important. Indeed, as an economic regime, “both property-owning democracy and a liberal socialist regime set up a constitutional framework for democratic politics, guarantee the basic liberties with the fair value of the political liberties and fair equality of opportunity, and regulate economic and social inequality by a principles of mutuality, if not by the difference principle” (Rawls, 2001: 138). Thus, since in both systems there are market competitions as well as the assurance of free occupation, in addition to the facts that firms in free and workable competitive markets would compete against one another, this would warrant to assess that a liberal socialism can also be compatible with Rawlsian justice.

Another reason which is more serious has been relied on the notion that the problem of choice between the two forms of regime at the constitutional stage should be understood as the problem of which kind of regime is more compatible with the features of modern democracies (Jung, 2000: 5). This is connected to Rawls’s own idea of political liberalism in which he indicates that the fact of pluralism of opposing but reasonable comprehensive doctrines is a characteristic feature of modern democracies (see Rawls, 1996: xxvii). This fact of pluralism imply that the only fair basis for social cooperation is to allow a wide variety of determinate conception of the good (within the limits of justice) to flourish and for basic rights to maintain and protect such flourishing. However, since there are many conceptions of the good which require the existence of capitalist firms, as there are conceptions of the good which require the existence of worker-managed firms, besides certain conceptions of the good which require the existence of completely different forms of ownership rights according to their own unique communitarian conceptions of the good, it follows from this argument that there is a problem with Rawls’s assertion that his first principles does not allow the right of private property in productive assets, and hence, it is submitted that

liberal socialism is basically less favorable to Rawls (Jung, 2000: 5-6).

But again, this is a vague assessment, as it does not say about why liberal socialism could not be chosen along with the modern democracies. For one thing, even if it is true that Rawls's rejection to include in his first principles of justice rights of private property in productive assets would support the propositions that Rawls should favor property-owning democracy over liberal socialism in modern democracy, there remains an open possibility that his principles of justice is in line with liberal socialism as Rawls underlines that "while under socialism the means of production are owned by society...and in the same way that political power is shared among number of democratic parties, economic power is dispersed among firms, as when, for example, a firm's direction and management is elected by, if not directly in the hands of, its own workforce" (Rawls, 2001: 138). Indeed, as it is also acknowledged by the critic itself, the argument that Rawls's two principles of justice are more compatible with a liberal socialism is related to the importance of democracy in the workplace (Jung 2003: 6). The point is thus while people sense of self-respect is significantly affected by work, Rawls clearly argues for a direct link between equal rights and equality in the social bases of self-respect (Doppelt, 1981: 267).

Now the reason why Rawls believes that we need not decide between property-owning democracy and a liberal socialist regime in order to illustrate the content of the two principles of justice can be articulated in a more positive way, that is, not by overlooking the importance of structural property of Rawls's theory. As Evan Simpson (1976: 3) notes, Rawls's theory of justice is ...a theory of moral sentiment, and it is to be expected that views which differ as profoundly as liberalism and socialism will tend to have theories about moral sentiments which differ in ways corresponding to their respective views of man's relationship with society. Clearly, while recognizes the importance of meaningful work and acknowledges the way in which classical liberalism became an apology for man's inhumanity to man, Rawls's liberalism incorporates a decided tendency to equality and contemplates the social ownership of the means of production with relative equanimity. In this sense, it is difficult, and perhaps even unnecessary, to distinguish the two political theories as far as social ideals are concern.

CONCLUSION

It should be clear that while I defend Rawls's position that liberal socialism can meet the requirements of his principles of justice, there is a reason to accept the view that Rawls's property-owning democracy represents a mixed regime, since it includes both socialist ownership and private ownership of the means of production (Jung 2003: 6). This economic regime cannot be seen as a compromise between socialism and capitalism, as this makes a strong case for the inclusion of certain values internal to socialist ideals, such as personal autonomy and political liberty, and the same holds for nonsocialist liberals, whose concern for non-coercion and genuine equality of effectively free choice should make

them want to see that opportunities for worker control are available (Krouse and McPherson, 1986: 137). While it is clear that this regime is fundamentally different from existing welfare capitalism, a dramatic change would be needed to achieve the widespread ownership of productive property and the equalization of opportunities that Rawls's property-owning democracy calls for. Unfortunately, liberals and Rawls in particular are explicitly reformist rather than revolutionary (Kymlicka, 1990: 94), and this is exactly why there is doubt that Rawls's proposal could be realized in the real world.

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¹ Even though Rawls takes the idea of property-owning democracy from Meade, there is a considerable difference between them. As we shall see, while Rawls follows Meade in supposing the key institutional means of equalizing property ownership via a progressive taxation over gifts and inheritance (Rawls, 1999: 247), Rawls does not agree with Meade that certain *eugenic policies* are available. An example of eugenic policies is differential fertility. "Meade supposes that it could clearly have an important influence on the distribution of property. For there can be no doubt that there are some genetic factors at work in determining a person's ability to earn. The 'regression towards the mean' by differential fertility is to be explained by the fact that an intelligent father, transmitting only each of his chromosome pairs to his son, will on the average transmit only one half of the genes which made him exceptionally intelligent" (J. E. Meade, *ibid.*, pp. 47-48, cited in Jung, 2000: 7). Thus, while in Meade's property-owning democracy, eugenic policies play a substantial part in reducing inequalities, Rawls rejects such policies as they may violate the priority of liberty required by the first principles of justice.

² One interpretation suggests that the reason why Rawls emphasizes the importance of public policies to promote equal opportunity in education and training of various kinds in order to help citizens to get and exercise their power of earning income substantially relates to the fact that Rawls cannot accept Meade's eugenic policies-- mentioned in note 1-- (see Jung 2003: 3)

³ In the words of Arthur DiQuattro, "a welfare state presupposes extreme inequalities in property ownership and involves taxation of the incomes of the rich to subsidize directly or indirectly the incomes of the poor; a property-owning democracy involves widespread distribution of property ownership (pooled through insurance firms, investment trusts and so on) so that each citizen receives a part of his or her income from property" (DiQuattro, 1983, p 56)