

Raymond Plant and Market Socialism

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Introduction

Raymond Plant's most direct encounter with market socialist ideas came about through his participation in the Socialist Philosophy Group, a group of academics brought together by the Fabian Society in the mid-1980s to debate the renewal of socialist ideas at a time when the neo-liberal New Right was in the ascendancy. Plant's Fabian pamphlet 'Equality, Markets and the State'¹ was debated within the group, and thought by some still to be wedded too closely to a state-centred form of socialism. Plant then produced an essay on 'Socialism, Markets, and End States' which formed part of the group's main publication, a book edited by Julian Le Grand and Saul Estrin on *Market Socialism*.² There Plant offers a critical but sympathetic assessment of market socialism which situates it in relation to more traditional socialist principles. Later in the chapter we will look more closely at this appraisal, and see how far Plant himself could accurately be described as a market socialist.

First, however, I need to provide some of the intellectual context in which this encounter occurred. To begin with Plant himself, by the mid-1980s he had already embarked on a critical engagement with neo-liberal ideas, and especially with the defence of economic markets provided by the Austrian economist Friedrich Hayek. Plant took these ideas very seriously, and not simply because at the time they were politically influential, having been taken up by prominent conservative leaders such as Margaret Thatcher and her counterparts elsewhere. He recognized that they were expressions of certain core liberal values that he also shared, such as the importance of the rule of law, and value of individual choice in a morally plural society where people disagreed fundamentally on questions about the good life. He also wholeheartedly embraced the neo-liberal verdict on the failings of

¹ R. Plant, 'Equality, Markets and the State', Fabian Tract 494 (London: Fabian Society, 1984).

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J. Le Grand and S. Estrin (eds.), *Market Socialism* (Oxford: Clarendon Press, 1989). The Group also produced a shorter Fabian Pamphlet: I. Forbes (ed.) *Market Socialism: Whose Choice?*, Fabian Tract 516 (London: Fabian Society, 1986).

centrally planned economies. 'The work of Menger, Mises and Hayek still stand as a formidable challenge to the economic assumptions of central planning', he wrote. More specifically:

The arguments against a centralised economy are overwhelmingly strong in practice and theory. Such economies have not worked in the USSR, in China or in Eastern Europe. They have endangered civil liberties and because of the centralised and political nature of the planning they have fallen victim to elite interest-group pressures.³

Markets, in contrast, were able to make use of tacit knowledge dispersed among millions of individual producers and consumers, as Hayek had argued, Although they also had shortcomings that Plant went on to list, in general they were far more effective than central planning in delivering the goods and services that people wanted to have provided.

It was because of this significant area of overlap between his own thinking and that of the neo-liberals that Plant felt it necessary to engage with them closely, first in the Fabian pamphlets 'Equality, Markets and the State' and 'Citizenship, Rights and Socialism' referred to above, then in his co-authored book *Conservative Capitalism in Britain and the United States*,⁴ at considerable length in his quasi-textbook *Modern Political Thought*,⁵ and finally and most fully in his monograph *The Neo-liberal State*.⁶ To a large extent, what he offered was a form of internal critique. The values that formed the underpinning of the neo-liberal view – justice and freedom, especially – when properly understood could be seen to point at least in the direction of social democracy, if not fully-fledged socialism. Hayek had developed the idea that because market outcomes were neither intended nor foreseeable, they could be described neither as just nor as unjust. Plant replied that although this might

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R. Plant, 'Citizenship, Rights and Socialism', Fabian Tract 531 (London: Fabian Society, 1988), p. 16.

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K. Hoover and R. Plant, *Conservative Capitalism in Britain and the United States: a critical appraisal* (London and New York: Routledge, 1989)

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R. Plant, *Modern Political Thought* (Oxford: Blackwell, 1991).

⁶ R. Plant, *The Neo-liberal State* (Oxford: Oxford University Press, 2010).

be true at the level of the individual person, in the aggregate the distributive effects of a market economy were perfectly predictable – it was well established, for example, that those who entered the market with greater material resources or human capital were also very likely to derive most benefit from their participation, so the overall impact of the market was to increase social inequality. It was therefore perfectly appropriate to look at the market economy in the (capitalist) form it now took through the lens of social justice, and propose ways in which it could be reformed or restricted in scope to achieve greater fairness. To the argument that markets safeguarded individual liberty, Plant replied that this was true only if liberty was interpreted in a formal sense, as the absence of coercion. Once freedom was understood to mean having the capacity to act in various ways, then how much freedom someone enjoyed must also depend on the resources they possessed and the opportunities open to them. This meant that freedom might actually be increased overall by altering the outcomes that an unfettered market would otherwise produce – for example by providing people with certain essential goods on a non-market basis.

The upshot is that when Plant confronted market socialist theories in the 1980s, he was already deeply ambivalent towards the market economy, in whatever form it took. On the one hand, it was practically indispensable as a provider of goods and services, for the reasons that Hayek and others like him had given. On the other hand, it appeared to conflict with the values – equality, social justice, freedom – that were central to the socialist tradition as Plant understood it. So if ‘market socialism’ was to be more than an oxymoron, a good deal of work would need to be done to show that an economic system in which markets played a central role could be constituted in such a way as to serve these values. His position within the Socialist Philosophy Group, therefore, could be described as one of sympathetic scepticism: he needed to be convinced that the new-found enthusiasm for economic markets among thinkers of the left didn’t involve abandoning the very ideals that had drawn them towards socialism in the first place.

Market Socialism and its Rivals

We must now look more closely at the market socialist ideas that Plant was responding to. There was no canonical version of market socialism either within the Group or outside of it,

as I will shortly explain. The common ground was that socialist ends could be achieved, in part at least, *through* a suitably reformed market economy, rather than beyond or outside of it. This meant setting aside three models of socialism that had been historically influential. The first was the communitarian model favoured by so-called utopian socialists in the nineteenth century and beyond, and also by Marx himself, where both state and market have disappeared, to be replaced by local communities in which people work altruistically and without the need for material incentives to meet the needs of their fellows. This was rejected as an infeasible blueprint for a modern, technologically advanced society (though I will return to it in my discussion of community later in the chapter). The second model was the centrally planned economy as developed in the USSR and elsewhere, where the state replaced the market as the mechanism for organizing production and distribution. This was rejected not only for reasons of economic efficiency but also because it was seen as incompatible with liberal democracy – power would inevitably accumulate in the hands of a small elite charged with directing the economy. The third model was social democracy as it had developed in several European societies, where capitalism is retained as an engine of economic growth, but the state intervenes to correct market outcomes by taxing individuals and corporations progressively, and redistributing the proceeds in the form of income support and/or welfare services to compensate those who lose out in market competition. This model was not rejected outright by market socialists, but they pointed to its limitations as a way of achieving a more equal society. The essentially hierarchical structure of the capitalist firm was left intact; and the tax-and-redistribute strategy did not and could not go far enough to offset the huge inequalities in pre-tax incomes that capitalism unavoidably produced. It was therefore necessary, market socialists believed, to restructure the economy in such a way that people's primary incomes would become far more equal. To use a term not yet coined in the 1980s, they preferred predistribution to redistribution, even while acknowledging that some redistribution would always be necessary, for example in the case of the unemployed.

What kind of economic restructuring did they propose? There were a number of different proposals on the table, some of them outlined in the two publications referred to in fn. 2. Broadly speaking, however, we can distinguish two approaches. One focussed on the endowments that people brought with them when they entered the market. Market

End of Excerpt

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