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Locke, Marx, and Two Theories of Labor

A Philosophical Essay on How to Fix Our Political Economy

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Introduction

Human beings always exist in a state of nature. That state consists of a commonly held world, from which we find it necessary to appropriate what we must individually consume. Societies throughout time have attempted to create economic systems to address this basic need, though many fail and none that have succeeded could be considered completely just. Rather than accept an unjust system and all its ill effects, this essay argues, it is possible to create a system of private property with a market-based economic exchange that is compatible with a non-exploitative and balanced commercial order. Four systemic changes are needed to make this happen: forbidding rent, requiring all loans to be consumer loans, restricting enterprise to proprietary companies, and creating a guaranteed income designed to establish equilibrium between work and free time, with the final hope of collapsing this distinction.

All value in an economic system—it will be shown—comes as a result of labor. Marx's complaint that capitalism is exploitative by nature, while terrifyingly accurate, is also woefully insufficient at describing the improvements a superior system requires. This is because his understanding of how labor derives value is missing key parts, namely use-values, which Marx believed could be easily abstracted into irrelevance for an economic order. Indeed, Marxist socialism or communism is ultimately untenable precisely because markets provide a necessary social function.

To understand where and how Marx fails and why we need markets, we must examine the roots of labor theory as they are found in John Locke. From Locke's justification for private property, we can here distill a more refined and useful labor theory of value, one emphasizing use-value and leaving exchange-value determinations to markets.

Our exploration of a new economic system must start with a few assumptions. First assume a strict principle of justice, and, borrowing from John Rawls, also assume that an economic system is just whenever members of a society would voluntarily choose to participate in it over all other viable alternatives. (The "originary position" and the "veil of ignorance" won't figure into our formula and discussion.) Specifically, we want to craft a system of human relationships to material objects and, through them, to other people that would satisfy the condition that no individual, no matter how rich or poor, would denounce the system as unfair by choosing to be governed some other system of material relations.

Our second double-barreled assumption—which I will argue for—is that there is a social need to individuate a common world for the purpose of consumption and that private property is the only possible and satisfactory solution to this need. Even a dogmatic Marxist must recognize the necessity of individual consumption of goods, and that, in turn, requires privatizing any and every commodity at some point. We consume individually or we don't consume at all.

On the other side of the spectrum, private property is a solution to a social problem and not an entitlement of individuals. Only societies need private property since only they face the problem of appropriating the common world for exclusive use. We can imagine what little need Robinson Crusoe, alone on his island, might have had for private property. The individual needs private property only insofar as the individual needs to avoid conflict with other members of society. That's what makes private property a social need. An individual has no right to property except that granted by society's caprice, but society has a need for granting to individuals the privilege of excluding all other members from a thing's use. There is no need to fear that one's secured property will be seized by some overreaching government without cause since, to exist at all, societies must find a way to maintain a system of individuating the common world for consumption—that is, private property.

Aiming to provide every individual with the things they need to achieve the ends they desire, our new system will build on revised labor theory that examines value-determination solely as the domain of a subject. This subjectivist account of labor-effort demonstrates how value can be determined only as the consumer confronts the object and justified only by an intention of personal use. Labor-effort in this system becomes the measure in all human utilitarian valuation.

If labor-effort is the system's backbone, then we realize a particular difficulty in designing a just economic system: it has two contradictory aims. One is to save individuals labor-effort and the other is to produce the things individuals need. And both aims must be pursued to the greatest possible extent. Balance between these two contradictory aims is possible only at the individual level, but only at the societal level can we design and implement an economic system. Without a societal system to balance these needs, a Hobbesian war of everyone against everyone else would ensue over the material world. Thus, the real aim of an economic system is a balance that avoids that conflict.

As for methodology, I am abbreviating this argument to expound on the imaginative elements. My intention here is to propose a hypothetical arrangement, what Charles S. Peirce would have called an abductive argument. Other economic philosophers and social scientists can put this hypothesis to the test, both deductively and inductively. My aim is to dream a new dream, not to test one. Toward that end, let's first examine Locke's labor theory of property and its relationship to a labor theory of value, then briefly analyze labor theory's development post-Locke before demonstrating that labor-effort itself can ultimately be reduced to finite human life. Finally, this revised labor theory will show why a more just economic order will be obtained with the systemic changes discussed.

Locke, Labor, and Accumulation

In the fifth chapter of the second treatise of his *Two Treatises on Government*, John Locke lays out an argument that he hopes will justify the individual appropriation of a commonly given world so that it may be consumed without seeking the consent of all humankind. In other words, he asks what gives an individual the right to exclude all others from the potential use of a thing given by nature to all humans in common. Locke found his solution in labor. We mix ourselves with the object we mean to possess by working it in some manner, even work as simple as picking it up off the ground. Having done work to a thing makes it my thing, and concurrently bestows my right to keep it for my own exclusive use. The problem for Locke, then, is intent: will I be consuming the thing I worked to possess? Would I be justified in excluding others from its use if I have no intention of using it myself? I believe Locke would disapprove of the notion that exclusion is justified merely on the grounds of having labored on it, which would amount to justifying exclusion for the sake of depriving others from the enjoyment of a thing. Locke notes early on that natural reason makes our appropriation necessary since individuals must perforce eat and drink. But if this is a necessary reason for justifying private property's existence in the first place, then it must not be invalidated by the method justifying property's appropriation. Thus Locke wasn't talking about a right to claim this or that thing in general, but rather a right *to consume* this or that thing only. Without the intention to use a thing, it's hard to justify the claim that we own it. This question of intention clearly bothered Locke enough that he searched for a solution.

The problem with Locke's labor-based justification is that it is disconnected from the use of the object, a necessary condition for private property in the first place. Locke hinted at a solution: although it would be apocryphal to ascribe a theory of marginal utility to Locke, he did anticipate that theory in suggesting that increased amounts of a thing eventually exceed an individual's ability to use it. Even though all things eventually degrade, there comes a point when we have enough of a thing and have no further personal need for more of it—a natural check on accumulation. For example, you may use a shovel every day, and it would be smart to have a spare or two in case the first one breaks. However; at some point more shovels will become a burden instead of a value since maintaining them will become more trouble than their usefulness.

This solution, which Locke provides, pertains only to the utility of a thing. He realized that with the advent of money comes the problem of the infinite desirability of accumulation. If we are allowed to take from nature all that we can use, and money allows us to transform any thing we take into an imperishable abstract value and to turn that value into another thing, then a particular kind of use becomes possible for everything: an exchange-value. In short, money allows everything to have a use in exchange. Scholars still debate whether Locke saw infinite accumulation as a problem, but he certainly held that money necessitated a change in private property, which transformed it, through justified and balanced labor-mixing, from its "natural" form to a legal form—a transformation, he believed, to be based wholly on social contract. Put simply, with the shift to exchange-value, private property could be justified solely by political agreement.

Although it is unclear whether Locke lamented this transformation, he does hold this socially conscripted form of private property to be at best a contingent—and thus imperfect—justification of our right to exclude others. His text suggests that money leads to abstract uses for material things that can't be justified by labor-mixing and that the only justification in a moneyed society for appropriating the common world is consensus—the very thing he set out to disprove. There is something self-defeating about justification through consensus since it hardly seems possible to protect one's property from societal reappropriation if the only reason it is one's property is social fiat. How can private property be justified without the consent of all human beings if one can justify it only through the univocal—if tacit—consent of one's entire society? This is where Locke seems to have simply thrown up his hands and moved on.

Locke's thinking about property reflected his thinking about what a human being is and that was as limited as it was absolute. This concept—call it the "each man is an island unto himself" concept—is still being espoused today, as in Milton Friedman's view that society is nothing more than "a collection of Robinson Crusoes." With this concept, human beings are the same within or outside of a society—the same features, the same interests, the same needs. But is that assumption safe to make? Does Robinson Crusoe—alone on his island—need private property? Does he have any reason to hoard money? Is he even the same being he was before he was shipwrecked if nobody is around to help him define himself? Fact is, Robinson Crusoe—alone on his island—is a society of one. He is both king and subject, rich and poor, master and slave, the smartest and most foolish man in his world. Viewed this way, the lone Crusoe is a continent unto himself, not an island at all! To be an individual requires a society to be individuated from; without others, we become our own society and we can't individuate the self from ourselves.

How different Locke's view may have been had he understood this simple truth about individuation. He might have realized that his task was to solve a social problem rather than to construct an individually justified theory of private property. Only in a pluralistic society do we even need to justify private property, since only in a pluralistic society does one need to avoid conflict. At the end of the day, private property is merely society's attempt to reduce or eliminate conflict between its members over material consumables; it is nature that requires human beings to individually consume a world that does not know ownership and comes to all in common.

Recognizing society's need for individuating the common is different from granting private property by the consent of all humankind or even one's political society itself. Most important, this need—based on our human condition—can be counted on to persist in a political economic system. In short, private property is a staple of human existence and necessary to the vitality of a group. A society can not just remove private property as if it were just an historical contingency, a mere political contrivance of the well-to-do, as Marx believed; its removal would, with the same stroke, resurrect the problem it was created to solve.

Marx, Property, and Value

The theories of John Locke and Karl Marx have much in common. Most pertinent here is that Locke and Marx started in different places and yet arrived at similar conclusions about labor. Marx started with a fully developed capitalist society and worked backward to show how the horrors of nineteenth-century capitalism resulted from the infinite desirability of accumulation. This desire, he held, was itself the necessary result of markets, allowed for by the use of money—itself a by-product of the "historically contingent" private property system, which is nothing more than the politically expedient contrivance meant to satisfy the greed of the bourgeoisie who invented it. Marx contrasted this deduced historical picture with a state of primitive communism from which private property must have arisen. Taking a different route to the same conclusion, Marx is saying exactly what Locke had already supposed: that in a state of nature, there is a commonly held world from which human beings find it necessary to appropriate what they individually consume.

The implied difference between these two theorists is small but significant. For Marx, private property was not *the* solution, but simply *a* solution. Private property is one possible solution, albeit an unenlightened one in Marx's estimation, since combining it with money primes every individual to want to own the whole world. This, in turn, leads to the sociopolitical nightmare of incessant, internal economic conflict—class warfare. Class warfare defeats the purpose of creating private property to avoid conflict, and so, for Marx, private property fails to have any social justification at all. At this point—precisely where Locke moved on—Marx rolled up his sleeves and sat down to work.

For Marx, the problems of capitalism can be reduced to two things: its exploitation of labor and its promotion of class warfare. The two are intricately related. Marx worked hard to show the former serves as the cause of the latter. Yet, another link would be necessary to prove that the unequal distribution of wealth or the mere existence of private property causes these problems. Without this link, Marx's critique doesn't rule out markets and private property. Marx may well have noticed the correlation and have mistaken it for a causal relationship. Very reasonably, he suspected that the solution to the horrors of capitalism lies in a return to the state of nature and the embrace of communism, albeit a not-so-primitive version. His version would be scientifically calculated and justified. Like Locke, Marx sought to justify his system of individuation through labor. Also like Locke, Marx pointed out that if it is labor that justifies one's right to exclude others from the use of a property, then it is equally labor that provides the value of the commodity. In short, a labor theory of property implies the existence of a labor theory of value.

Marx's labor theory of value was derived from David Ricardo, who developed it from Adam Smith's theory, which is traceable back to Locke. His particular labor theory supposed that the value of a commodity consists wholly in the socially necessary, abstract labor that went into its construction, including the fixed labor in the tools and the capital needed to create it and the physical labor of making and transporting it. This theory provided a technique for objectively calculating the absolute value of a thing without the need for markets—significant for Marx's theories. If this version of labor theory is correct, then markets could be dispensed with, which is tantamount to saying exchange-value could be replaced with labor units after use-value is abstracted away. Without any need for exchange-value, money loses its function in society and disappears, taking with it the infinite desire for accumulation. Privatizing property for consumption becomes reducible to what we find useful and nothing more, restoring natural checks and balances to the system, while keeping modern production methods. Figuring out our marginal utility shouldn't be too hard for a society of smart people in a communal political arrangement, so all that holds back a just and equitable society of individuals, Marx concluded, is the oppressive tradition of capitalist greed anchored by the tyrannical force of those in power, the bourgeoisie. Scientific utopia, then, wholly depends on just one thing: the ability to determine absolute value by calculating the abstract labor embodied in a commodity.

Marx made several attempts to generate a formula for calculating socially necessary labor units. Deriving a standard labor unit to use to mete out collective effort in a collaborative production became a paramount concern. But neither Marx nor any of his followers ever fully succeeded—most likely because the Ricardian labor theory that Marx worked from fails, as non-Marxist economists have shown, to account for scarcity and the role of the margin in value determinations and to fully understand the source and role of use-value in economic exchange. The tragic result of these criticisms—not to mention the staggering certitude of Marxists in this version of labor theory despite the collapse of the Soviet Union and the reintroduction of markets into communist China—has been an abandonment of any labor theory of value. But labor theory should not be declared dead simply because academics are currently ignoring it.

Marx, like other nineteenth-century thinkers, privileged the objective and measurable in the workings of the natural world over the subjective. Like Locke, Ricardo, and Smith before him, he held labor to be wholly derivable from observable processes outside the subjective dimension of the single individual. In that Hegelian world, the individual had scant effect on anything social or economic, at least not compared with the dialectical movements of history. Communism, we might say, never reduced the individual to a cog in the great machine; it just assumed that that was what individuals always were and always will be. It would take the dawning of the phenomenologists and existentialists to begin to explore the subjective and put it on equal footing with the objective, thus bringing the individual's determinative powers to forefront of economic analysis. With that, let's depart from our history lesson and examine the labor theory of value for ourselves.

Normative Economics

Having detailed the problem with previous theories, let's return to the beginning and start again. Our first assumption is that we are given a world in common by nature, our second that nothing can be consumed in common. Thus, human beings can't live and flourish unless common materials are individuated so that they may be consumed. Individuals do this simply in the process of taking and making. The labor of acquisition individuates common materials and each laborer may consume what he or she worked on—no more and no less. In this worldview, a natural check then exists on the desirability of accumulation, since one may own only what one can both consume and fashion. Consumption means using an object of nature for an intended human purpose; even in trade, a person can only exchange one consumable thing for another. Finally, the social problem arises in the form of a political question: can conflict be avoided between individuals regarding the appropriation of nature? Private property's promise here is normalizing appropriation and justifying the right of exclusive use.

By allowing for private property, society can meet its need for a system of rules governing the appropriation of, exchange of, and claims to nature's bounty. Private property can be seen as a social necessity that's stable precisely because it's necessary. It can't be dispensed with socially (as in communism, for doing so would merely restore the social problem); nor may it convey to individuals a super-social right since all property is leased conditionally to an individual by society. The question remains: can labor theory meet society's normative demands to equitably distribute what is common harmoniously among its members?

We've seen Marx's objective account of labor. Instead let's consider a subjective one, where the labor connected with a thing can be estimated only by a specific individual in a specific situation. This subjective perspective alone can explain value. For example, the value of a fruit from a distant tree is lesser than the value of one plucked from a nearby one. To even make this claim, it is necessary to hold a subjective metaphysical position since implicit in the claim is that each tree is more or less distant from someplace, and that place is the consumer. Starting from this proximate fixed point, let's ask what labor the consumer has in mind when making an evaluation. Adam Smith toyed with the notion that labor is not just the labor of producing a thing—as Ricardo and Marx would later assume—but also the labor we save by using it. This is closer to the truth but it is still deficient since only individuals can estimate their labor costs to acquire a thing and evaluate just how useful that thing is going to be. That, we know, goes in two directions at once: forward and backward, into the future and into the past. So what is labor to the individual? It is time and energy—time saved in both the past and the future, and energy saved in the present.

Since the hours of our lives are finite, we naturally estimate the value of each moment spent on any pleasurable or profitable activity. With this in mind, it's easy to see why value can be estimated only by a single subject in a single situation. To estimate the labor backward in time—as Ricardo and Marx would have us do—gives us only half the value, even if it were possible to objectively calculate the exact measure of past labor. The past estimate shows what a thing is worth in units of labor that would have been saved by not making this thing oneself. Or looked at another way, what a thing will cost us to acquire. The value Marx really calculated was the minimum cost a commodity would demand, in terms of labor, from the consumer. But this is the producer's value for a commodity only, since we must assume that the product has no use-value to its producer or they would not be selling it. This "value" confronts the consumer as a cost, namely the cost of acquisition, something that works to reduce the actual value of the thing. This actual value estimated is the labor-savings over the cost of acquisition the commodity offers the consumer. The value of a single shovel to a shovel manufacturer is obviously less than it would be to just about anyone else. That said, the past estimate is not the only estimation we make; we also estimate the future labor of the thing and ask ourselves how much labor we estimate we will save—since only estimates are possible—by consuming this thing in the future. The larger question now is "how much use will I really get out of a thing?"

For example, imagine two individuals about to buy the same car from the same dealer. Clearly, the past labor in the car is fixed and so is the same for both potential buyers. Under a Marxist evaluation, it would be unwise to pay more than this past estimate. But that is because Marx ignored the future use-value of the object. Perhaps one buyer is likely to use the car nearly every day while the other is unlikely to drive it more than once a month. This estimation will further alter the car's value by changing the equation's demand-side—that is, by increasing the value of the car by estimating how useful it will be. This future estimation, we see, is entirely relative for the consumer to any given object in any given specific situation. The car is simply worth more to the commuter than to the Sunday driver, so it's a misconception to hold that a thing has an objective exchange-value. Rather, its price is merely the agreed rate of time and effort estimations exchanged between the interested parties.

As the car example shows, markets—unstable as they are—are necessary fixtures in any economic system. But let's pause and ask, don't markets stir up discord among individuals, thus defeating the purpose of having a private property system? Not necessarily. If estimates are realistic, then the price is fair; if estimates are off or miscalculated, one party is being treated unfairly (whether due to ignorance, misguided euphoria, or deception). We can try to make markets more just by outlawing fraud and encouraging consumer education, but there is no systemic fix for individuality, desires, and free will; because these are not systemic problems.

Money plays a key role in our considerations as well. Money is never individually consumed but remains forever held in common. Its singular utility is enabling people to exchange one useful thing for another by preserving labor in an entirely novel way—as potential changeability into something consumable. In this way, labor may be hoarded indefinitely without depreciating or losing any value because it has been metaphysically severed from any material thing. Unlike the ideal labor of the worker—a human being's labor potential—money's labor ideal is disembodied. It neither exists in the individual as potential or in a material object as actualized; it exists only in the minds of those who would exchange material things for it. Further, its capacity to indefinitely preserve its value—which neither human bodies nor material things can—makes money more precious than any material thing. Since any material good could be traded for this disembodied, never-fading labor, all material things take on a new ideal use-value. No longer valued just for their consumability (their material use-value), material things in a world with money are now valued for their tradability into money (their exchange-value or commodity-form). Marx got this right. In these ways, every material thing has the potential to save future labor in exchange for money. I say potential, because the object's value must be weighed against the labor cost necessary to actually make the exchange.

Another example: in the state of nature, before money, one could count on the diminishing utility of material things as their number increased. Thus, the hundredth shovel would not be worth as much as the second or perhaps third. It is not hard to see the checks and balances on accumulation here. But when shovels can be exchanged for money and so preserve their value until the money is exchanged again for something else, then the hundredth shovel now may have as much value as the second, assuming selling them requires little effort. The compensation in exchange-value at some point overwhelms the law of diminishing utility. In fact, this is why exchange occurs at all, since producing a surplus of a thing reduces the use-value below the exchange-value. Thus the commodity is born. The problem with money is that it effectively suspends the law of diminishing utility's check on accumulation.

Let's start again with a strange question: should we or should we not have money in our normative economic system? It certainly would be very useful since we're going to have to have markets. So can money be saved from itself? Can money's usefulness in facilitating market exchange be preserved by some political mechanism, without also acquiring its unfortunate side effect of making material accumulation infinitely desirable? If we can answer yes, we can keep money and have the best of both worlds: a private property-based economic system that doesn't lead to unmerited disparities in wealth and power among its participants or to the exploitation of the have-nots by the haves. To answer this question affirmatively, we need to identify the specific point where money flips from a social benefit to a social liability. To do this, let's return to Locke for a moment.

As many scholars have noted, Locke strictly limits his labor theory of property in connection with use-value. To him, labor doesn't count as right granting in acquisition without the laborer's intention to use the thing that embodies it. Simply laboring on something doesn't make it yours. In Locke's theory, then, the law of diminishing utility protects us from the excessive desire for accumulation.

Money, we already know—by transforming use-values into exchange-values and then preserving value—violates the restriction on an intent to consume. In short, use-value is bounded while exchange-value is infinite.

But now another question should occur to us: why is money an exception to the law of diminishing utility? Even a hoard of cash is susceptible to diminishing returns when it is considered as a use—say, to put into a security, insurance, or retirement fund—but not when it is considered as a value in exchange-value generation. So does money have two uses? Marx addresses this and concludes that we should get rid of exchange-value altogether. But such a sweeping solution throws the baby out with the bathwater. Exchange-value is a product of money, which is a product of a market economy, which is a necessity in a private property based system, which is necessary for social harmony given the human condition.

To avoid repeating Marx's mistake, we cannot exorcise private property as if it were some contingent political specter. Instead, we must figure out how to treat exchange-value so that it is rendered just. It's clear from Locke's lament that success will involve tightly tethering exchange-value to something that cannot fall into an infinite regress and is naturally subject to the law of diminishing returns. But markets already do this for us rather well much of the time. It is the exceptions, not the general use of markets, that are so very troubling. Quite simply, these exceptions are the places where money gets delinked from a specific intended use and merely—as Marx would say—goes about the purpose of self-replicating.

Three uses of money amount to nothing more than exchange-value generation: rent, interest, and capital gains. All three superimpose a secondary public use-value on the private use-value, violating the use-intention that—along with labor—justifies private property ownership in the first place. As exceptions to the justification of private property, each of these uses undermines the use-exclusivity function private property was invented to provide. This makes these uses of private property unjustifiable, a conclusion the rest of this essay explores.

The Abolition of Rent

Rent seemingly violates the private-use intention needed to justify ownership. Can rent be justified given the picture of human material evaluation painted here? If we assume that all value is derived from the will to prevent the needless loss of life-time (and energy) incurred in the pursuit of something, then what is the implication for the use of renting one's property? The current theory of rent is that a property owner has a right to lend that property for another to use and to be compensated for the deprivation by labor or materials. The act of lending itself is entirely inoffensive, and often more of a good than an evil. The owner's right to do with their property as they see fit is also, in general, a good thing. However, does the latter right necessarily extend to include a right to compensation for lending? (Since this is a normative question, any justification is potentially satisfactory.) So, the first possibility is, naturally, whether we should be allowed to rent simply because we can. I think not.

The fact that compensation can be extracted in exchange for a loan—that someone in need will pay rent rather than do without—does not constitute a satisfactory justification. To see why, let's push that reasoning to absurdity by saying that it is acceptable to extract compensation through threat and extortion, kidnapping and ransoming, or even fraud. If rent is justifiable merely on the grounds that people will pay it, then the other forms of economic exchange ought to be justified as well. Assuming that we would not want such behaviors legitimated, we must look for an additional reason or reasons to justify charging rent.

By far the most common justification is that the owner is being compensated for the personal loss of the enjoyment of the object being rented. If I cannot use my land because I've rented it to you to farm, for example, you should compensate me for my loss of the right to its exclusive use and your gain of that right. This argument entails several major flaws. First, it is incoherent: it is exactly my right to the exclusive use that provides me the right to lend the land in the first place. It's self-contradictory to suspend this right and still claim the thing is mine: I can't argue that I both have a right to the exclusive use of the land and, at the same time, am being deprived of my right to its exclusive use, even if by choice.

Essentially, you either have a right to the exclusive use of the land or you do not, but not both. Second, and even more important in this discussion, such a justification sets up the paradox of double use-value. If every material object has two potential use-values—one as an object of material use, like drinking from a cup or digging with a shovel, and the other as an object of rent-profit—it seems metaphysically possible for two different individuals to simultaneously use (or consume) a single object. Indeed, one person can "use" hundreds or thousands of different things at the same time if renting is considered a use. If we take the Lockean justification for private property seriously, here's the paradox: the ownership of rented property becomes communal again once it becomes impossible for either the renter or the rentee to exclude the other party. Although there is nothing inherently wrong with rented property becoming common property by charter or contract, returning the rented object to the sole possession of the property owner along with the rent cannot be justified using any Lockean assumptions.

Perhaps we might avoid this paradox by replacing the Lockean justifications with an appeal to historical precedent to justify rental property as a legitimate use of private property, but that merely leads us back to the question of justification again: what justifies these historical precedents? Either you are using your land or the renter is, but not both. When we claim both, we usually mean the renter is employing the object materially, but that the formal legal consideration leaves the object in the possession of the original "owner." Here again, we are left with the problem of which justification of private property trumps the other—the traditional or the philosophical?

With our current social norm, the traditional justification prevails with a few exceptions (e.g. adverse possession). In my opinion, this traditional precedent is unjustifiable, and if any such appeal is to be made, it must be on the grounds of social or communal interest. To understand why, let's return to the Crusoe argument. Alone on his island, Crusoe is the whole society, so the difference between public and private collapses and, since no one is left to exclude from the use of anything, there is no need for private property. Only when Crusoe's manservant, Friday, appears does a need for private property arise to avoid conflict. Individuals can't be in self conflict about their own material rights, and no conflict means no need for private property, justified or not. Any justification of the right to exclusive use must thus be made in light of societal need only.

Without appeal to individual needs, the precedent of tradition fails to justify the charging of rent. Tradition—like any nominal justification—cannot, by definition, be anything but socially contingent. The nominal claim is basically that what is yours is yours because society says it is. While this justification fully satisfies the social need to avoid conflict by creating private property, what makes the property your private property in this construct is pure social determination. Society is not simply granting individuals the right to the property they labor on, but assigning this and that particular property as belonging to particular individuals. The individual becomes alienated from the decision about what property they own. The major flaw in all communist and most socialist economic schemes is that they end up having to do precisely this sort of assigning.

An appeal to tradition to justify property rental requires an individual justification of private property, but since private property exists only as a social necessity, justifying it in terms of individual needs takes us headlong into paradox again. Thus, no nominal precedent can justify charging rent. That leaves us with only the Lockean justification for private property. But while the social need to avoid conflict passes Lockean muster, charging rent subverts Locke by leading to double use and theoretical incoherence. So it is that one cannot actually be deprived of the use of one's property by lending it to another. A property is yours only if you and you alone intend to use it. In other words, if you are charging rent, you are "using" your item so have no claim to deprivation of its use, which is the supposed justification for charging rent.

Another alternative justification worth examining briefly is that the use of an object degrades it by a small but certain factor, so that rent might be charged to compensate for the loss of value in the object itself. This seems quite reasonable since we would likely call destroying something borrowed without compensating the owner a form of thievery. But this reason does not sufficiently justify rent since the compensation might be made socially, through the willingness to trade back and forth. Additionally, the loss in value might be transferred by the sale of the object, which transfers the right of exclusive use, thus effectively avoiding the need for rent. Finally, the value of many things that are most often rented isn't degraded through use. Think of land: its value might even be enhanced by wise use, and even if use degrades its value in some ways it can retain or grow in value in others. For example, a tenant-farmer may deplete the soil nutrients of a rented acreage by farming it, but this in no way affects its exchange-value to real-estate developers.

One final possibility for justifying rent exists: it is socially beneficial to supply industrious people with the capital needed to labor at maximum efficiency and rental income gives the wealthy the incentive to provide the much needed capital that the industrious would otherwise lack access to. The first part of this compound justification is beyond question; as stated at the beginning of this essay, the goal of any economic system is to provide individuals with the things they need to achieve the ends they desire. However, the second part seems unwarranted since it would be circular to reason that rent is necessary because our current political economic system offers no other means besides rent for individuals to get what they need. Additionally, the argument that owners of private property most efficiently use and care for their own property seems to refute any claim that society's interests are best served by allowing rent. Aren't proprietors who put their own capital in their businesses more likely to be industrious and efficient with the tools of their trade, by virtue of self-interest, than business operators forced to rent tools from others? The need for capital distribution is vital to any economic system, but is not a sufficient justification for charging rent since it is possible to meet this need in other ways.

In all these reckonings, rent seems wholly unjustifiable. It appears that rent is a social contingency whose ill effects do more to harm than good to social interests. On these grounds, I would advocate its abolition. However; rent takes many forms and perhaps others—including money loans—may on examination seem more justifiable.

Consumer Loans

Money-lending has long been a dangerous prospect in human economic systems. The reason is not hard to divine. Money, as Adam Smith and Karl Marx both explained, is the abstract labor-effort that can be transformed into the real value-holding products of labor—goods or services. This abstract substance does not exist to be owned, but is merely potential. And lending potential is even more risky and nebulous than lending property, as discussed above. The risk and obfuscating nature of so many abstractions related to lending make it easy to abuse, most often in the favor of the lender. Such abuses go by the name of usury and have been condemned since the time of Hammurabi. Nevertheless, the social need for a system of capital investment is very real. So the question is, if rent is forbidden and interest-bearing loans are a form of rent, then aren't we creating a social ill by denying people access to the capital investments they need to begin their projects? In practical terms, how can people be expected to buy big ticket items—such as cars and houses—or build up businesses, or as communities to erect roads and bridges, when the need for a good deal of capital comes long before the first use becomes possible? Imagine here a community in need of a new power plant. Work in the time between breaking ground and issuing the first watt out of the new plant requires capital investment. This initial capital requires a loan, but who would lend if interest-bearing loans are forbidden?

Before we try to answer this question, we must first ask another: are there reasons to lend money without charging interest? Two spring to mind: altruism and indirect self-interest.

Now, is anyone likely to lend what they have to a cause altruistically? Yes, but not many, and that number is likely to shrink proportionately as the amount needed increases. Isn't it then, an unwise bet that larger, arguably more important, capital investments would be made on altruistic grounds? The odds aren't good partly because saved money has assumed value. But this value for money requires a use in which the money remains unspent. We know that money's material use requires it to be spent. This second use then requires another spend the money with the promise of returning it (altruistic lending) and a percentage on top of the returned money (interest). Without the interest, saving money would be subject to the law of diminishing utility just like every other commodity. With the interest, a person with a billion dollars in the bank has just as much incentive—no more or less—to save as a person with 10 dollars. Living in a world long accepting the practice of charging interest, we have come to assume that saving money is always a good idea. To be effective, altruistic lending would have to overcome this widespread assumption.

It was hasty of Marx to conclude that the bourgeoisie is greedy. It isn't avarice that drives the decision to seek more money when one is already absurdly well-off, it's this (double) use for mere potential. To understand Marx's *ad hominem* folly, consider the interests of the quintessential bourgeoisie, Ebenezer Scrooge. Were Scrooge to become the generous man he does in the end, his business would be ruined and he would be replaced by more ruthless business owners. Scrooge must be greedy or he'll go out of business. Instead of judging him harshly, we should be morally indignant about the system that offers such a Faustian bargain.

By eliminating interest-earning as a use of money, we reduce the desire to save it. Reducing the desire to save should increase the altruistic willingness to lend, since there would be no individual benefit in keeping vast amounts of money. The amount of money made available that way is still unlikely to be enough to meet either individuals' or society's capital requirements. Nor is it advisable to create negative pressure through taxation or like means to force people to divest themselves of their riches. Such heavy-handed correctives lead quickly to corruption.

The more elegant alternative for meeting our need for savings and investment without recourse to the carrot of interest or the whip of taxation is a system of consumer loans. The system would very much resemble today's banking system, but entail a fundamental difference. Such an investment system could be made from either private or collective monies for either private or collective loans, only now exchange-value based investments (money loans) are returned in use-values (products) rather than as a percentage of exchange-value. In this way, both private and public savings and lending would be incentivized, but the reward for investment would be paid off in services or goods, not money. If this seems strange and insufficient, just recall that such lending would take place within a system with no other use for saved money beyond personal need and modest security (both subject to the law of diminishing utility). With no direct individual advantage to what we'll call surplus-savings, people will naturally begin to seek out indirect advantages for their superfluous money whether they consider their interests individually or communally.

This model would have four types of investments: 1) individually funded individual investments, 2) communally funded individual investments, 3) individually funded communal investments, and, finally, 4) communally funded communal investments. The first part refers to how the funds are saved while the second part refers to how the funds are expected to return the indirect advantage. For example, individually funded communal investments would source the money individually and invest it in communal projects. Let us examine individual funding first and then communal funding, exploring both forms of advantage in each to see if this system is really feasible.

Individual funding under this model would come from private sources and be willingly given. An individual's surplus may be invested in either other individuals or collective enterprises. For example, investors might lend to a new restaurant, not because they need more money, but because their passion is food. Alternatively, other investors might lend money to a family to buy a house, again not because they need more money, but because they have a vested interest in protecting their own homes' value by making sure all the houses in their neighborhood are properly maintained, and the best way to assure that short of doing home maintenance themselves is to find a responsible owner. The restaurant investment is an obvious instance of indirect advantage to the individual accrual by investing in a business enterprise. The restauranteur is likely to create better incentives for funding by perhaps giving away free meals for pledges if the funding comes through. This works because the return payment, while more direct, remains a use-value. The housing-investment example is even more indirect: the return is based on the relative value of the neighborhood where the investor happens to reside. There is little here that could incentivize private investment to communal advantages (say, public lands); people either realize their advantage or they don't. Most communal advantages would thus have to be funded through communal savings—taxes to fairly distribute costs for the shared advantages provided.

Think of such a system of individual investment as non-equity crowdfunding. That modern metaphor aside, systems of patronage go back for millennia. The idea is that investment comes from people willing to wait for future rewards (to save) for products or services they feel they will get some use out of (for use-values), not for equity or interest.

There are many potential drawbacks here, though all have a silver lining. The model's worst drawback is the relatively low investment any particular investor can likely make. Thus, the work an entrepreneur must do to find funding is potentially much more substantial than simply applying at a bank, but at the same time this arduous test weeds out the unambitious and helps guarantee that financial success in business results from individual merit. A second drawback in this model of private investment is that it is unlikely to fully finance all deserving investments, but those that don't attract funding probably won't attract customers or find community support either. A final drawback is the localizing tendency of the investment coupled with its potential to fall victim to society's worst prejudices. The localizing tendency is not itself bad: people invest in causes and projects likely to strengthen themselves and their community, but some may see their own and their community's interests through the distorting lenses of racism, sexism, and other exclusionary filters. This tendency would have to be checked through such political solutions such as a more engaging and deliberative political system and through robust increases in funding to advocacy groups.

The second source of investment can be seen as a counterbalance to the ailments of the first. Communal funding in this model comes from political communities of varying scales, in the form of forced savings (taxes). Such funds can be invested in either individuals or collectives.

For example, a community may want to fund its individual members directly to improve parenting, educational opportunities, or law enforcement, but may also fund such private ventures as a restaurant to bring jobs or a local news station to meet general individual needs. Most important, community funds provide the dole, the all-important balancing agent that solves the laboring versus labor-saving problem (see below). Alternatively, communities can fund large-scale projects (bridges, roads, and armies, for instance) that entail some indirect advantage to the whole community or even the whole society, as well as private ventures requiring larger investment than individual investors can typically muster. Communities fund both larger-scale projects and projects that run counter to local prejudices.

A community investment has one seemingly contradictory advantage: being able to charge an interest rate on its loan. A community can charge interest without violating our terms of justification because it makes no claim of exclusive use. The human affairs it is investing in—being communal—cannot be private property, so nothing communal is being individuated. What is communal remains communal and so double use is permissible. What would not wash is giving tax money to an individual for a purpose that can't be justified as a communal advantage. Mismanaging funds in this or other ways is a danger for any economic agent, private as well as public, and can be minimized only by vigilance. The advantage obtained by the interest communities collect—which helps to defer the cost of other community expenditures—would likely outweigh the cost of vigilance.

Another potential problem with community investment is the tendency of communities to fund projects by shifting the cost burden to future generations, essentially making our progeny pay for our lifestyle. This is fine if and only if it is restricted to projects of likely use to the future generations footing the bills, but since often this distinction isn't honored, highly structured tax collection plans are needed to ensure that taxes are calculated on the cost of expenditure over the span of time—whether ten, twenty, or forty years—that the bridge, the road, or the concert hall is likely to last.

There is a final pseudoproblem with patronage: inequity in the wealth distribution of society. Most people do not have enough savings to invest anything individually, and many communities are likewise impoverished. However; this will prove to be a short-term problem that will resolve itself if the economic system is rendered just. Without any direct advantage to surplus income, more resources will be made available for patronage. And where they are not, communities (but not individuals) should be free to create funds, if necessary, by simply establishing a local currency or deflating the value of a currency it already possesses.

With the concerns discussed here addressed, this four-tier plan for consumer loans can create a more fair and elegant method for meeting our need for savings and investments without perpetuating the negative pressures and illicit incentives of the current system. Obviously, there are many things to consider, but this rough framework for a consumer-based capital investment is a start.

Proprietary Enterprises

We have begun with the idea that labor—by saving and extending life-time—creates value and that this value comes only in the form of utility. Locke claimed that since each person's labor is an extension of the body, which the individual owns, so then the fruit of the individual's labor ought to be his or hers as well. Recall that this argument revolves around intentions of use, not just the mere application of labor-effort. For instance, the woman who plows the earth and raises crops with the intention of using them has a right to those crops. But the same right does not extend to her plow horse, which may benefit from its own labor, but (arguably) lacks intentionality. These two examples are simple, but which category does an employee like a farmhand fall into—that of the farmer or the plow horse? It seems reasonable that the employee labors to enjoy some share of that labor's fruit and has intentions. So is the employee then entitled to some share in the enterprise's profits and not merely the subsistence wage that even the plow horse gets as food and shelter.

To be sure, whether the work is done by a farmhand or the farmer, it yields the same product and that product commands the same market price. Yet, a proprietor receives profit—the full measure of the labor-effort—as savings or wages while an employee would only receive wages, since the savings (the profit) is considered the "work" of the employer or, more accurately, the employer's capital. Here we find the true cause of Marx's concern about exploitation. Rent, as shown above, creates a double use in private property, and this double use destroys any claim to exclusivity. Whenever the capital in any enterprise is shared (used collectively), its ownership becomes indistinguishable because of its shared use, just as it did with rental property. In this case the laborers use the capital as the components of their trade (material use) while the owners use its capital as capital in Marx's sense of the term (self-valorizing commodities). As things are, the ownership of the capital and so the whole of the profits of an enterprise exclude those who use the capital materially—the laborers. Thus under capitalism, only the owners of capital in the firm are rewarded. The protection of law and the benefits of ownership in securing value go only to the owners of capital, never to the laborers. As Marx claimed, the private ownership of the means of production biases what is obviously a collective effort in the favor of some, the owners, of all those involved.

One popular justification for the biased rewarding of owners in capitalism is the deferment of pleasure the capitalist undergoes when saving their profits for reinvestment, but, given the above, this reasoning appears circular. The income of an enterprise—determined by the market—is fixed by the time it is divided between wages and profit. From this viewpoint, any savings by capitalists could be equally viewed as savings by wage earners and vice versa since ownership of the shared pool of income the enterprise receives must be collective or communal. To claim that capitalists but not laborers are entitled to that income is yet to be established. Any "savings" would be collective savings. The argument becomes circular because it assumes ownership, which implies an entitlement to the income, in order to claim that the capitalists alone were doing all the saving. Laborers' objections to labor-saving technology are grounded here as well, since workers contribute to the savings which provide the capital used to make them expendable. What free and sane person would willingly reserve their money with the aim of destroying their own livelihood for another's advantage?

But can other justifications support the claim that capital property is the sole private property of investors? First consider the risks that capital owners take in investing their capital in an enterprise. The risks are real, but employees are equally invested in the enterprise since they put their livelihoods on the line. Enterprise failure would be detrimental to both, albeit not in the same way. Yes, the laborer leaves the failed enterprise with his body intact to work elsewhere but so does the investor. And, yes, the laborer leaves the failed enterprise just as he or she entered it whereas the capitalist has lost his or her business but still (barring sale) owns the remaining—albeit depreciated—material components. What the failure of an enterprise actually reflects is labor's inability to turn a profit, not a decrease in the value of the capital determined by forces external to the enterprise and its activities. In Marx's terms, the capital as material still retains its value as a commodity, but has lost its ability to self-valorize, at least for this particular enterprise. In fact, when the ownership rests with the capital holder, employees will be the first to feel the hardship of an ill-advised risk since the owner will divest the enterprise of superfluous labor to prevent bankruptcy. In short, owners of capital are as indemnified against risk as they can be, and part of their indemnity is the political economic structure that views employees as accretions upon an enterprise and not as fully constituted parts of it. At no point do the owners of capital take risks greater than the laborers in an enterprise, so risk taking does not justify capital gains.

This economic system is no more just for society than for the individual. The structure values capital that is not labor-effort above that which is. It is unclear why. It is not that we live in a culture of greed. Rather, our biased system leans toward dead labor. To try to understand this bias, a speculative history of money sheds light. Taking his state of nature as our beginning, we can follow Locke until the advent of money, which at first merely facilitated trade but quickly came to represent a storehouse of value. A dollar does not degrade in nominal exchange value (although it might fluctuate in purchasing power) even if it remains unspent for a hundred years, unlike an apple or a cleared field that spoil if not used.

This second value of money—imperishability—is the foundation of and force behind capitalism. The power of stored value to complete grand projects became obvious in antiquity. Any society vaguely aware of this monetary potential assigns a high value to savings and monies, and a lower one to labor. We saw this logic at work with Scrooge, who must be a miser or fail altogether under capitalism. It has long been noted by the more conservative and libertarian minded, that unequal distribution of wealth is not inherently bad. I do not disagree insofar as the unequal distribution is the result of a fair process, but the system described here—ours—is far from fair. The bias in capitalism for dead labor over living labor is unjustified, and the unequal distribution of wealth that results from it is unearned, rendering the bias itself unjustifiable.

It is nevertheless true that any enterprise that wants to survive must invest in itself and, as we have just seen, capital investment genuinely benefits all civilizations. So how can we rid the structure of the toxic bias that privileges dead capital above living labor-effort? Consider the epistemological gap, where it cannot be determined who is subject to forced savings. When owners forgo the pleasure of their profits to reinvest them in their business, their capital investment earns them some return, whether labor-savings, increased profit, or at the very least an increase of the general worth of the business' capital. But, thanks to the bias toward capital over labor, the employees gets no such deal. This inequality would be entirely just if all who saved for an enterprise benefited as a result of that savings. The solution is deceptively simple: collapse the contingent political-economic distinction between capitalist and laborer. In practical terms, make anyone who labors a proprietor of the enterprise in which they work. This way, mere owners of an enterprise's capital become superfluous and external to the enterprise itself and their role would be transitional.

The advantages of a system of labor-owned enterprises or proprietary enterprise are many. The first and prime advantage is that this system allows whatever savings made on behalf of an enterprise to equally benefit the enterprise's members. It would be in the laborer's interests to invest as much capital, including labor-saving capital, as possible. This point cannot be overstated. Laborers would have an advantage if they invested their savings in technology that replaces their labor, just like proprietors do. It is advantageous because it replaces their labor-effort and not necessarily themselves. The second advantage is that such an economic order aligns the interests of laborers and those of capitalists, eliminating the source of the Marxist conception of class conflict, and anything that eliminates conflict within a society is a boon to all. Any remaining conflict over resources will not be between a class of owners and a class of workers. Third, the incentive of self-interest remains intact; the interest in question simply shifts from the owners of things to the makers of things. Fourth, laborers' alienation from the product of labor disappears. Fifth, the work itself, which affects who a person is and how they see the world, is dictated neither by a nebulous government force nor by a private force alien to the laborer; as such, it is freely chosen, which isn't true of any other economic system. Last, the owners of capital in the current economic system needn't be stripped of their wealth in a violent revolutionary overthrow; merely limiting what they can and cannot do with their superfluous wealth will deprive the rich of the advantage of keeping it, so they will get rid of it themselves as it takes on the weight of a burden.

There are, however, three real challenges to fairness under a proprietary enterprise system. The first concerns the advantage of the initiator, innovator, or inventor. It hardly seems fair for an initiator of an enterprise to share the profits or the control of an enterprise with later comers. Our question then is whether a proprietary system would remove or reduce the incentive for business initiation or entrepreneurship. On one hand, any startup business would have to have some capital, all of which would be solely owned by its singular proprietor. If others were brought on board to expand the company, wouldn't this come at the cost of the proprietor's share of the capital and share of the profits? Additionally, there seems to be greater advantage in joining an enterprise later—the later the better, in fact. But it's fallacious in both cases to assume that newcomers are entitled to their share of an enterprise simply because they got hired at some point.

There is a remedy for balancing the initiator's individual advantage with the social advantage of the proprietary enterprise system: require latecomers to buy in, through either a direct money investment or garnished earnings, with an amount ultimately equal to an equitable fraction of the enterprise's value at the time they were hired. This approach benefits the initiator, who is the greatest beneficiary of the increase in the company's capital value. Further, require that all who leave the enterprise be bought out by the enterprise's remaining members. Here too, the initiator—who invested relatively little and will be paid out a great deal, an amount equal to the growth of the enterprise over his or her tenure—fares the best. In this way, incentives for entrepreneurship remain great, though the rewards are unlikely to be as staggeringly disproportionate as they are now.

The second challenge concerns equality of pay inside an enterprise. For example, it would be unfair for a hospital enterprise to pay its administrators, doctors, nurses, orderlies, and secretaries equal shares of the general profit. Inequality of skill, labor, and effort should fairly produce an inequality in pay for different individuals in such a joint enterprise. The specifics are best left to the internal management of each particular enterprise, but generally speaking, any enterprise that does not create internal harmony will be short-lived, so compromise is an every firm's best interest. In this example, the doctors, nurses, and others are all equal owners of the enterprise, despite wage differences.

In the worker-owner model with wage differentials, workers would have to negotiate with each other, and the results of these negotiations would of necessity be fair (owing in part to the dole, as discussed below). It is unlikely that unskilled labor would be able to command as high a salary as skilled labor. That said, it is unlikely that pleasant labor (enjoyable jobs like disc jockeying or acting) would command as high a salary as unpleasant labor (like sewer maintenance or crab fishing). Wage negotiation like this leads to relative, though not total, equality in every enterprise, and—with the inclusion of the dole—relative equality among enterprises.

The last challenge concerns the ineffectiveness of collective decision-making. It seems unlikely that an enterprise like a hospital system or a manufacturing facility could make uniformly sound managerial decisions about the good of the enterprise itself. For example, how can you forcibly remove a laborer who is also an owner? Or, how would the enterprise decide on which new technology to invest in? These problems are neither insurmountable nor unique to a proprietary enterprise system. How does a board of capitalists make collective decisions? Like any other collective entity, enterprises would need to develop effective management solutions and find decision-making methods that work for that enterprise.

Naturally, some would do this better than others, but this is an unavoidable part of economic life so the pitfalls of collective decision-making don't constitute a sufficient refutation of a proprietary enterprise system.

The Guarantee of Income

Many political and economic commentators have argued for some form of guaranteed income, and, as argued below, it is necessary in any fair and justified economic order. To create such a thing, we must first pinpoint the cause of the problem a guaranteed income is meant to address. The problem, social in nature, arises whenever individual labor-efforts are judged by their social benefit. How do social goods relate to individual interests? How do we bestow just individual benefits if we cannot easily and accurately identify the part individuals play in moving toward a social good? To answer these questions, we must return to the notion that it is finite life-time (and energy) that gives things their value.

This assumption about where value comes from implies that not only does time have a value when it is productively employed, but also when it is not. In other words, subjectively speaking, every hour of your time is equally valuable to you no matter what you are doing with it. To claim that someone is "wasting time" is a purely subjective, and quite possibly uninformed, judgment. Perhaps one is better off getting an education or pumping gas than watching reruns, but the judgment, even if true in some demonstrable way, cannot be subjectively asserted in an absolute sense. Viewed objectively, human life-time doesn't have qualitative distinctions: an hour is an hour for every individual, each as valuable as the other, and social judgments don't change that fact of life. So subjectively we have qualitative distinctions, but objectively we don't.

Society must generate enough products/commodities and put in enough labor to create these commodities, and both goals require qualitative evaluations. This gets tricky when the individual member of society confronts this quandary: if an hour of my time, while objectively equal to yours or anyone else's, is not equal in qualitative value, and all subjects value their own hours qualitatively higher than anyone else's, is there a desire—perhaps unconscious—to enjoy the benefits of being a member of a society while shirking the concomitant responsibilities? Again, this social problem dogs every society, with the obvious exception of Crusoe's one-man island, where as the sole citizen he is always free to decide when to work, when to rest, what to work toward, and how much work an aim is worth since the qualitative benefits affect him alone.

Inside a society, both the benefits of work and the freedom from work can be usurped. As a result, individuals can be in one of four possible situations. Some enjoy ample free time and material prosperity; some have limited free time amid material prosperity. Some have ample free time but live in material poverty. And, finally, some have limited free time and live in material poverty. The first group might be called the freeloaders, those who don't have to work but never go without. The second group are the proletariat or the working class, whose members labor extensively but maintain some measure of material affluence. The third group, who we'll call the austere, have little or nothing but free time. The last group, the paupers, are the most wretched and pitiable, for this lot works extensively but must exist at or below a bare subsistence level. If there is such a thing as class warfare, it is among these four groups, who, along with their potential for development, are found in both communist and capitalist states and whose battle of interests springs from our human condition, not our contingent political and economic configuration.

Every human being has a strong individual incentive to become a freeloader and a strong disincentive to become a pauper. But while virtually every individual aspires to freeloading, a society or community comprised primarily of freeloaders would be wholly unsustainable and useless. Freeloading is possible only within a larger society, which has a disincentive to allow it. Similarly, pauperism is an individual's nightmare—if it is not outright slavery, it is close—and, yet, a society of paupers is the most efficient economic arrangement imaginable. Clearly, our individual interests and our social interests are complete inversions of each other, and the effect is that every freeloader has an interest in transforming both the proletarians and the austere into paupers, while every pauper has an interest in becoming anything but what they are, but most especially a freeloader. This double movement: the will to push oneself up and away from the bottom and to push everyone else down from the top implies that every individual has a marked interest in making themselves the singular freeloader in a universe of paupers. This will is ever-present; dread of becoming paupers drives proletarian resistance to welfare for the austere, which they rightly fear turns them into freeloaders; and dread of losing their free time keeps the austere from working, which they rightly fear would make them paupers.

Stepping back from this push and pull, we can see that the two middle situations together constitute the optimal composition of a just economic order: a balance of work time and free time for every individual and the entire society. While justice dictates eliminating the extreme situations, individual interest suggests that the middle classes are both necessary. If we can agree on that, the problem then becomes how to keep the movement derived from the conflict of individual human interests in a society from resurrecting the injustice of the extremes. Since every proletarian and every austere individual would be better served by becoming a freeloader, pushing others toward pauperism, an imbalance in individual interest will always create pressures from within. This situation is one example of the "tragedy of the commons," in which what's best for an individual results in a situation that is worst for the group. Such situations are easily fixed by applying a rule or law, however. This, then, suggests that a positive intervention that reshapes our economic interests will be necessary.

As with the case for a guaranteed income, our question now becomes: what kind of intervention is necessary and necessarily just? It is self-evident that an economic order based on value measured in labor-effort would not allow freeloading since those who are able but do not labor should not have a claim to the things that labor produces. Or is this understanding inconsistent with our definition of justice, which requires a voluntary affirmation of one's situation? The answer to this last question is yes, so in whatever form our corrective intervention takes, it must neither incentivize loafing nor require labor since the first would bring back freeloading and the latter, pauperism.

This task of constructing a "middle-classes" society seems impossible since it appears that giving material resources to the austere makes them freeloaders and taking material resources from the proletariat makes them paupers. But appearances deceive. The austere become freeloaders only when they are given nearly as much material resources as a proletarian is likely to earn, and the proletarian is pauperized only when so many material resources are taken from them that they would be nearly as well off if they quit working. A just order, then, would seek an equilibrium where no proletarian would give up work and no austere individual would unwillingly seek gainful employment. An intervention that creates this (Nash) equilibrium would balance the interests between free time and work time and yet leave the choices up to individuals. In other words, a just economic system counterbalances the natural pressure of individual interests to exactly the degree that no one would be made better off by changing their individual situation. As this view of economics is dynamic, justice would be served if our intervention continuously approached equilibrium, without absolutely attaining it.

A guaranteed income will counterbalance the tragic forces derived from our human condition. And it will do so justly as long as certain conditions and restrictions are placed on it so that no individual would change their strategic situation, except for personal reasons. For example, a new parent might decide to go on the dole to make parenting paramount for a few years, or a poor artist living on the dole might take work for a time to finance future projects. But no one would take work because they could not make a living or be forced into austerity because they couldn't find work. One way this might be achieved is to peg a dole (a monthly allotment) to a fraction of the per capita of the gross social product. This approach would force austerity on the austere while limiting taxation of the proletariat. One condition would be to restrict eligibility for the dole so that nobody could earn more than the dole and still collect it. The fraction of the per capita constituting the dole can be variable, serving social need by rewarding contributions that are necessary to society (like civil service), or often go unpaid in our current system (like parenting), or facilitate social welfare (like retirement and disability). Lilies of the field have a place in this new social order but any able-bodied individual who simply chooses not to work should enjoy the most austerity by receiving the smallest fraction of the per capita. The money collected for the dole would have to come from taxes on enterprise, but enterprises should have a sizable enough exemption so that a profit is guaranteed even in years of heavy tax burdens. Also, no individual could collect from the dole if other members of the same enterprise receive more income than they do. This way, enterprises can't abuse the guaranteed income and subsidize their businesses by artificially lowering some workers' wages so the dole compensates them instead.

Other benefits result from the dole system. First, with the austere out of the labor market, incomes for workers will be high since they wouldn't work for less than dole money unless theirs was truly a labor of love. This way, the labor force will always be approaching full employment and still remain very flexible. By paying "unpaid labor," we would render certain prejudices, such as racism and sexism, slightly less potent and empower the victims of such prejudices to defend their rights. The dole system might even help those dealing with domestic abuse, divorce, and other travails that in our current system often leave people indigent. By varying the fraction of the dole, the system also keeps the able-bodied austere who choose not to labor at all from freeloading on others in the same situation who perform some amount of social service. Further, this system supports the austere in pursuits that they value—say, the arts or the humanities—even if society does not (at least until the austere becomes accomplished or famous). Possibly, workers at an enterprise where no worker makes the minimum dole portion could still receive some portion of the dole—a way to support some community businesses that might hover on the edge of viability. The particular fractionations should be decided at the smallest unit of government, but collected at the largest.

These benefits are obviously neither exhaustive nor necessarily road tested. But adjustments can be made to this preliminary model to construct a self-correcting guaranteed income system, where a balance is struck between the proletarians and the austere and no one is allowed to become a freeloader or a pauper. This system alone can be called just.

Conclusion

This economic system has laid out two challenges—the paradox of double use and opposed social and individual interests—and four solutions that would create an entirely novel and radically more just economic order. But where do we start? First, to recap, rent in all forms must be abolished. Rent, which allows an illicit double use for particular things, is logically inconsistent with our justification of private property. Second, money loans should be restricted to consumer-based lending and be free of the form of rent known as interest. Although loans are necessary to help supply the capital required in most projects of human endeavor, such loans must be repaid in use-value, not exchange-value. Third, the means of production should be reordered from our current capitalist system to a proprietary enterprise system, ensuring that workers are paid the full value for their labor-effort and savings. This creates in reality the merit-based economic system capitalism claims to be. The final change is offering a guaranteed income to equilibrate individual and social interests.

These ideas flow from the metaphysics of value, which claims all value is based on subjective evaluations of life-time and energy (effort). This value is represented in the desire to minimize unnecessary labor-effort—the action of paying out life-time and energy for material things individually consumed and yet made from material given us in common. This value is estimated not in what is actually paid, but in what is potentially saved by the evaluator, either by extending life or saving time/effort. Only the individual whose time and energy is expended or saved can evaluate the use-value of any given thing, and attaching labor to a use-value in this way is what justifies private property. If two or more people do it, an exchange-value or price is determinable. This market exchange opens the door to nebulous estimations of dubious accuracy, but this and other problems—whether illicit double uses or conflicting interests—can be surmounted or at least diminished.

This scheme will not eliminate all the world's economic problems, and more positive work, both philosophical and legal, remains to be done to flesh out this alternative economic framework. But the potential benefits of these changes would outweigh both the costs of change and any unforeseen ill effects. And the effort may lead to a system that not only works but is also just.

April 2017

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Charles Matthew Rupert is a current graduate student completing his master's in philosophy at West Chester University of Pennsylvania. From his Midwestern working-class roots, he has struggled to understand the plight his friends and family have faced in the land of opportunity. The struggle for resources and political recognition among the throng of lower and lower-middle-class Americans—including limited, superfluous, and spurious education; reduced prospects; political alienation; and the mindless retreat into consumerism—have driven him to seek answers from the privileged and question the pedigree of every institution. This long and slow journey of illumination has brought him in and out of academia, and although he intends on continuing to a doctoral program in philosophy upon graduation, he nevertheless hopes to keep his hands in the soil of the earth. His academic interests include politics and economics, metaphysics, cinema, and living a meaningful life. His everyday interests include parenting, gardening, cooking, loving, and maintaining compassion in world of barred teeth.

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