

## **Sen: Social Democrat or Moral Philosopher?\***

In an interview with the *New Statesman* magazine of London in July 2009 Sen declared "I'm very much on the left" and went on:

"But I have been very critical of the left in India. A party which has a real commitment to the underdogs of society should be worried that India has a higher proportion of undernourished kids than anywhere else in the world. Instead, the left parties are concerned with whether India is losing its sovereignty by signing a contract with the US for a civil nuclear project" ([www.newstatesman.com/international-politics/2009/07/sen-interview-smith-income](http://www.newstatesman.com/international-politics/2009/07/sen-interview-smith-income)).

It is certainly true that the sovereignty of the Indian state is a trivial matter in comparison to the fate of the poor. But if you stand for state-capitalism, as the "left parties" in question do, then the power of the state will seem an important issue.

So, Sen is "on the left" but not a partisan of state capitalism. What sort of man of the left is he then? The political descriptions "left" and "right" go back to France at the time of the bourgeois revolution there in the 1790s. The members of the National Assembly sat in a semi-circle facing the presidency. On the right sat those who wanted the revolution to stop (or who thought it should not have gone so far, even that it should never have happened at all) and on the left sat those who wanted the revolution to continue and go further in the direction of establishing "equality". At the time this was essentially a division between liberals and conservatives. Later, as the 19th proceeded, the liberals split into democrats who wanted political democracy (universal manhood suffrage) and those who wanted to retain a more limited franchise. Later still the democrats too split, into those who favoured purely political reforms and those who favoured social reforms too. The latter called themselves "social democrats" and sometimes "socialists".

These terms spread to Germany where, in 1875, two workers' parties came together to form the Social Democratic Party of Germany (SPD). In 1891 it adopted Marxism as its theory. Up until the First World War the SDP was the premier Marxist party in the world which similar parties in other countries sought to emulate.

### **Social Democracy**

The SDP, however, was not what it appeared to be on the surface, i.e. a revolutionary socialist party. Certainly it proclaimed its aim to be a society based on the common ownership and democratic control of the means of production to be achieved by the working class taking revolutionary political action against capitalism. In practice, however, it pursued a policy of trying to achieve democratic and social reforms within the framework of capitalism, and its mass support was built on that basis. In other words, while in theory it was a revolutionary socialist party in practice it was a democratic reformist party. The tension between word and deed did come up before the First World War when a group of "revisionists" suggested that it bring its theory into line with its reformist practice, but this was rejected.

The First World War, during which most of the SPD lined up behind the German government,

and its outcomes, the Russian Revolution (in the course of which Lenin and the Bolsheviks seized power) and the German Revolution (which overthrew the Kaiser and established a democratic republic), changed this. The German Revolution brought the SPD to power and it was not long before the party openly recognised itself as a reformist party trying to bring about socialism gradually through a series of social reforms. This is what "Social Democracy" came to mean, and still does except that eventually all talk of socialism as a new society came to be dropped and all that remained was a commitment to trying to progressively improve the situation of the mass of the people within the framework of capitalism by means of state intervention.

It can be debated whether, having abandoned even a paper commitment to eventually establishing a socialist society in place of capitalism, the Social Democratic (including Labour) parties of Europe and the rest of the world can still legitimately be called "Social Democratic" parties. They have become left-of-centre capitalist parties. Meanwhile the position they occupied has been taken by the Communist parties that used to support state-capitalist Russia (the former USSR). These have in effect changed from Leninist into Social Democratic parties justifying their day-to-day pursuit of reforms within capitalism, inside and outside government, in terms of this being a gradual progress towards a vague "socialism" (usually, one or other form of state capitalism).

Even if the failure of Leninist state capitalism was the more spectacular, Social Democracy also failed, not only to make any progress towards socialism but also to make capitalism work in the interest of the majority. This was an impossible task as capitalism is based on the economic exploitation of those forced to work for a wage or a salary and so can never be made to work in their interest. In fact, instead of Social Democratic parties gradually transforming capitalism, it has been the other way round; capitalism gradually transformed them into openly pro-capitalist parties, even if left-of-centre ones.

So, where does Sen fit into this? He doesn't describe himself as a socialist and is not an opponent of capitalism as such, so he cannot be described as a classic Social Democrat. But he is in favour of state intervention to fill the gaps in social provision which pure market mechanisms fail to provide. These days he is in fact more of a political, or even a moral, philosopher than an economist, his more recent books such as *The Idea of Justice* seeking to provide a philosophical justification for the intervention of left-of-centre governments to try to mitigate inequalities of income and power.

As inequality of income and power are a direct consequence of the inequality of ownership of means of production (actually, "inequality" is too weak a word here as a minority own them all, the rest none) that is at the basis of capitalism, this is mere tilting at windmills. Any progress in this direction will eventually – and has actually been – undermined by the workings of capitalism.

### **Moral philosophy**

In a lecture on his book he gave at the London School of Economics on 20 November 2009 (see [http://www2.lse.ac.uk/publicEvents/events/2009\\_09-12/20091120t1700vOT.aspx](http://www2.lse.ac.uk/publicEvents/events/2009_09-12/20091120t1700vOT.aspx)) Sen

divided moral and political philosophers into two groups: those who discussed what a perfectly just society would be and those who sought to identify particular injustices with a view to removing them. He placed himself firmly in the second group, dismissing the “dream” of a perfectly just society. He listed various things he himself regarded as unjust including world hunger, the lack of educational and healthcare facilities for many, dictatorships and torture and suggested that people concentrate on seeking to remove, or even just mitigate, these injustices rather than on seeking to establish some just society.

In the context of the discussions that went on amongst, in particular French, Social Democrats before the First World War this would make him a “possibilist”, as someone who wanted to concentrate on trying to obtain achievable (“possible”) reforms rather than on establishing a socialist society. Sen even had the effrontery to suggest that towards the end of his life Marx adopted such a position, citing Marx’s 1875 *Critique of the Gotha Programme* of the German Social Democrats of the time. According to Sen, in this Marx identified distribution according to needs (“from each according to their abilities, to each according to their needs”) as the ideal but settled for distribution according to hours worked as this was, if not the perfect solution, at least better than the existing situation of the exploitation of wage-labour.

This suggestion that Marx was some sort of possibilist is absurd. Quite apart from the fact that he rejected the basic possibilist position by insisting on the need for the working class to win control of political power before they could do anything constructive, he did not dismiss distribution according to needs in the same way that Sen dismisses a “perfectly just society”. Marx did not regard this as a “dream” (nor in fact did he regard it as “perfectly just” – he didn’t think in such terms) but as a practical goal to be worked towards as rapidly as possible. For him distribution according to hours worked was a stop-gap measure not a long-term solution.

Sen’s attempt to introduce ethics into economics means in effect that he is abandoning economics as a science observing and analysing objective phenomena in favour of subjective moralizing about such phenomena. Where Sen’s approach leads to was well brought out in an answer he gave to a question about the current world economic crisis. He did not attribute this to the objective workings of the economic laws of capitalism, in particular the competitive struggle for profits that is built-in to it; he blamed it on the “unethical behaviour” of some bankers who were too greedy and who dishonestly created and sold “toxic” bonds. If subjective opinion is to be the criterion then these bankers have the perfect answer: according to our basic ethical principle “greed is good” and we were merely behaving in accordance with this ethic. Sen has no answer but to say that his ethics is different from theirs, which in the end is purely a matter of subjective opinion. Economics and ethics do not, and should not, mix.

### **Keynes saves capitalism?**

Trying to shift income and power to working people had always been the proclaimed aim of Social Democratic parties. At first this was justified on the simple ground that as all wealth was produced by the working class they were entitled to more of it. Then, in the big slump of the 1930s, a bourgeois economist came up with another justification: transferring income

from the rich to the poor would help the capitalist economy emerge from the slump as the poor spent more of their income than the rich. That economist was John Maynard Keynes and the technical names he gave to his observation was that the poor had a higher “propensity to consume” than the rich who, by contrast, had a higher “propensity to save”.

It was not long before the Social Democrats embraced Keynesianism, especially as Keynes also advocated that, in a slump, the state should invest in infrastructure projects to make up for the fall in private capitalist investment.

The fact that the Second World War was not followed by a slump, as the First World War had been, but by two to three decades of continuous economic growth was attributed to the Keynesian policies pursued by governments (and not just Social Democratic ones). Keynes was lauded as “the saviour of capitalism”. However, the market was expanding independently of what governments did, both internationally (more trade) and internally (market for household goods). The real test came when the post-war boom came to an end in 1973. In response, governments pulled all the Keynesian levers, but the result was not to revive the economy but to add inflation on the stagnant economy, a phenomenon that was dubbed “stagflation”.

Keynesian had failed the test of reality and was abandoned by governments and by most economists, who embraced the pre-1930s doctrine of *laissez-faire* as revived by “monetarists” such as Milton Friedman and “free marketeers” such as Hayek. Keynes was pronounced dead.

Sen was one of those economists who remained loyal to Keynes, supporting “global Keynesianism” against the new orthodoxy of “neo-liberalism”. Neo-liberal policies have now failed too and Keynes is being revived. Sen, however, is no longer so keen on him. “Keynes”, he wrote in an article on the current world economic crisis published in March 2009 in the *New York Review of Books*, “can be our saviour only to a very partial extent, and there is a need to look beyond him in understanding the present crisis”, explaining:

“The revival of Keynes has much to contribute both to economic analysis and to policy, but the net has to be cast much wider. Even though Keynes is often seen as a kind of a ‘rebel’ in contemporary economics, the fact is that he came close to being the guru of a new capitalism, who focused on trying to stabilize the fluctuations of the market economy”  
([www.nybooks.com/articles/23490](http://www.nybooks.com/articles/23490))

### **Still capitalism?**

Sen’s criticism of Keynes is that he failed to take into account “the importance of nonmarket institutions and nonprofit values”. He only wanted to save capitalism whereas the need is to extend these institutions and values. In fact Sen thinks these have already progressed to such an extent that he questions “whether capitalism is a term that is of particular use today”.

Sen bases this on a rather narrow definition of capitalism as the purely economic mechanism of the market:

"It seems to be generally assumed that relying on markets for economic transactions is a necessary condition for an economy to be identified as capitalist. In a similar way, dependence on the profit motive and on individual rewards based on private ownership are seen as archetypal features of capitalism".

He went on to ask:

"However, if these are necessary requirements, are the economic systems we currently have, for example, in Europe and America, genuinely capitalist?"

For Marxists, the reliance on markets (generalised commodity production, buying and selling, and use of money) and the profit motive (the extraction of surplus value) are indeed "necessary requirements" of capitalism but so, equally importantly, is the system of wage-labour that arises due to the exclusion of the majority from ownership and control of the means of production and which Sen failed to mention. On the other hand, "individual rewards based on private ownership" (private property rights vested in individuals) is not such a necessary requirement, as the example of the former USSR shows, where the ruling class monopolised the means of production collectively via the state and shared out the "rewards" (some of the proceeds of exploiting wage labour for surplus value) amongst themselves in the form of bloated salaries, money prizes and benefits in kind.

Sticking to his narrow definition of capitalism, Sen answers his question by saying that in all developed capitalist countries (Europe, the US, Canada, Japan, Singapore, South Korea, and Australia are those he names) "have for quite some time now, depended partly on transactions and other payments that occur largely outside markets" such as state pensions, social insurance, education, healthcare and other features of the so-called "welfare state". He suggests that we are already in some sort of a post-capitalist society, one which he considers less unjust than *laissez-faire* capitalism.

The trouble with defining capitalism as a society governed entirely by unregulated market mechanisms is that it means that a capitalist society has never existed. As a matter of historical fact the state has always intervened in the workings of the capitalist economy. There has never been a pure *laissez-faire* economy. Even in Victorian Britain there were factory laws, national schools and payments to the poor. The seeds of what came to be called the "welfare state" go back to Germany under Bismarck in the 1880s and were extended to all developed capitalist countries in the first half of the 20th century. Sen himself admits that what he calls "the creditable performance of the so-called capitalist system" has depended on state-organised education, welfare and healthcare. But these are not negations of capitalism but aids to it. The capitalist economy requires a reasonably fit, educated and contented workforce to continue to produce surplus value without too much trouble. It is one of the tasks of the state, representing the overall interest of a national capitalist class as whole, to provide this.

It is true, as noted, that the end of the long post-war boom in 1973 and the resulting financial problems states faced led to cutbacks in some of these provisions, justified ideologically by

the theories of the “monetarists” and "neo-liberals". Despite the rhetoric however, state intervention in the workings of the economy never ceased, even if many states did "denationalise” industries and services as a way of allowing and attracting foreign investment to them.

Now, with the current crisis, the pendulum has swung back and it is the neo-liberals and the free-marketeers who are on the defensive. Sen's incursion into the field of moral and political philosophy is an attempt to provide left-of-centre (and other) governments with a justification for the increased state intervention that has come back onto the agenda of capitalist governments. The post-capitalist society he imagines now exists is in fact still capitalism, if only because it is based on the exploitation of wage-labour for surplus value. We are still very much living in a capitalist society governed by objective economic laws which cannot be overcome by the application of the abstract ethical principles Amartya Sen propounds.

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