



- Offshoot of Welfare Economics
- The central task of the mechanism designer “is to provide a set of contracts, property rights, and other social-rules—called a mechanism—that will attenuate or eliminate market failures”—i.e. Pareto-inefficient outcomes. (Bowles, *The Moral Economy*, 157)
- A mechanism is a set of rules that the designer might impose on a population to influence the behaviors that determine how an economy’s resources are used. (Id. 160)

Samuel Bowles’ Mechanism Design

Bowles's First Observation (of Three)

The commonplace of both the *homo socialis* and *homo economicus* motivational frame, as well as the empirical possibility of fostering the salience of either frame.

- *Homo economicus* is predominantly motivated to maximize self-interest construed in terms of wealth or material payoff. (45, Bowles)
 - *Implication:* Does not share in a dictator game, will defect in various strategic interactions rather than cooperate.
- *Homo socialis* has social preferences.
 - *Social preferences* are motives such as altruism, reciprocity, intrinsic pleasure in helping others, aversion to inequity, ethical commitments, and other motives that induce people to help others more than is consistent with maximizing their own wealth or material payoff. (45, Bowles)

Bowles's Second Observation (of Three)

- Any community of knaves (*homo economicus*) will become ensnared in multiple collective action failures (e.g., prisoners' dilemmas); hence, any such community falls well within the Pareto-optimal frontier.
- Communities with a sufficient number of *homo socialis* in the mix do much better on this score.

Pareto-inefficient outcome: "one for which there exists a technically feasible alternative outcome, given existing resources and technologies, in which at least one person is better off and nobody is worse off." (Bowles, 152)

Bowles' Third Observation (of Three): The Mechanism Designer's Trilemma

- Pareto-efficient outcomes
- Voluntariness constraint—policies must rely on persons' voluntary participation in their economic activities.
- Liberal neutrality constraint

The Liberal Neutrality Constraint

Ronald Dworkin's thesis that "political decisions must be...independent of any particular conception of the good life, or of what gives value to life." (158, Bowles)

Peter Jones: "It is not the function of the state to impose the pursuit of any particular set of ends upon its citizens." (Id. 158)

Bowles's broad interpretation of political neutrality: preference neutrality or, in other words, the "permissibility of an unrestricted set of preferences." (Id. 158)

Bowles' Embrace of the Liberal Neutrality Horn

Bowles urges the mechanism designer to engage in *homo socialis* design for the sake of Pareto-efficiency, contra the liberal neutrality constraint.

The mechanism designer should keep in mind the need to prime and cultivate the *homo socialis* frame when designing the economic mechanism.

Working Thoughts

- Bowles' Conception of the Liberal Neutrality Constraint is too broad.
Liberal neutrality as preference neutrality or, in other words, the "permissibility of an unrestricted set of preferences."
- Identify a solidaristic tradition that culminates in Rawlsian liberalism and that forefronts a kind of *homo socialis* mechanism design.
- Solidaristic liberalism is a particularly compelling variant of liberal theory, and it (pace Bowles) forefronts a key restriction on preferences.
 - This same variant of liberalism has a kind of liberal neutrality constraint, but it does not preclude solidaristic character design.

Three Key Tenets of the Solidaristic Tradition

- *Bifurcated Moral Psychology*: The distinction between the capacity to be motivated by particular private interests and the capacity to be motivated by the common interest.
 - An open question is what meaning to give to the idea of a common interest.
- *The General Will Imperative*: An endorsement of the solidaristic disposition to cabin or discipline divergent particular private interests in cases of conflict with the common interest when it comes to crafting and enacting rules of social interaction. (The solidaristic character).
- *Solidaristic Institutional Design*: A focus on the institutions, the systems of rules governing important forms of social interaction, that are necessary to foster this ***solidaristic character*** coupled with an endorsement of those institutions.
 - Presupposition that character is malleable and can be influenced by institutional background.

Rousseau, Hegel, Marx and Rawls as exemplars of the solidaristic tradition.

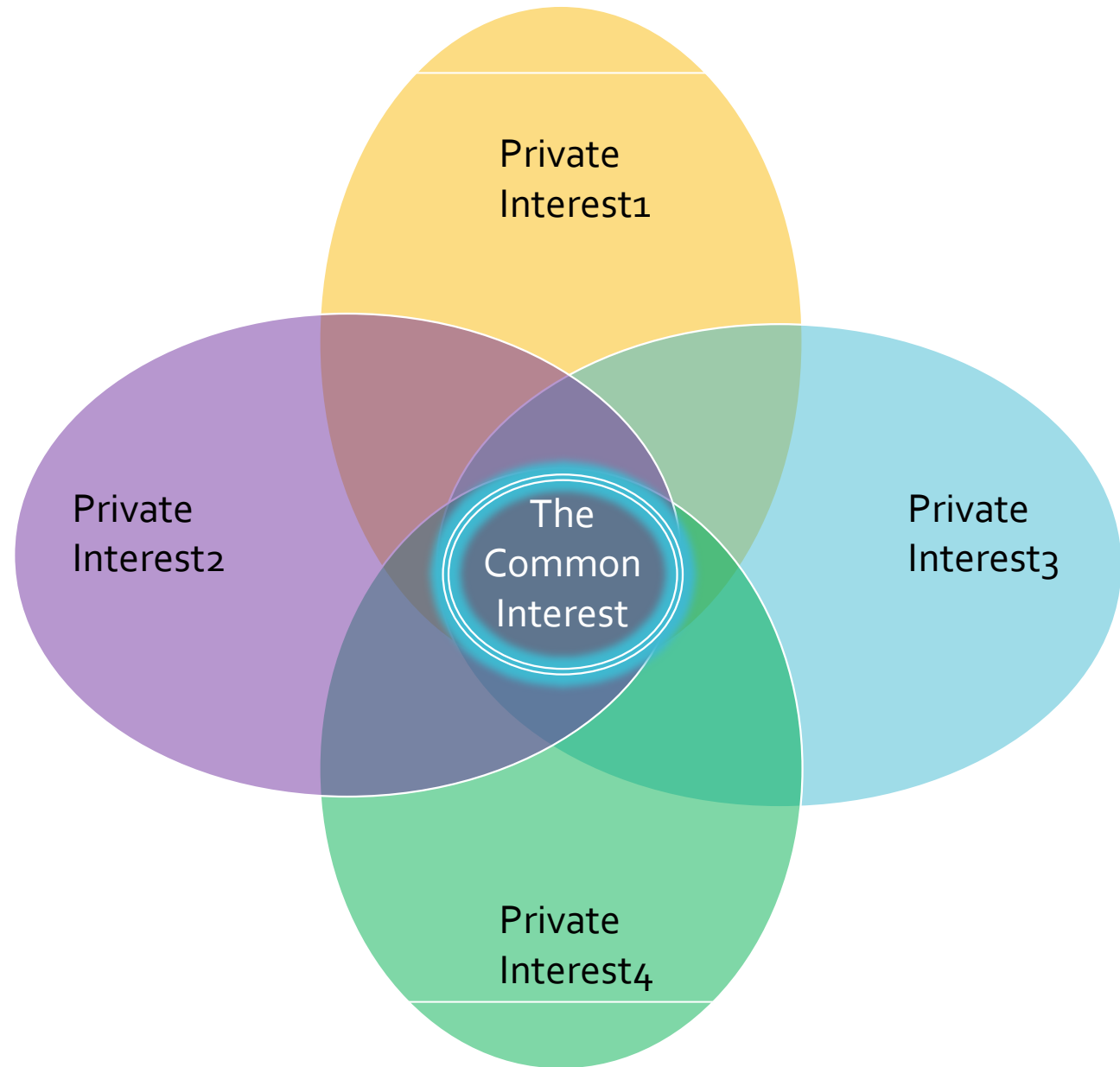
- Rousseau has much to say about the ways that policies and rules might cultivate inflamed *amour propre*, a drive that undercuts the capacity to form a general will (a will that reflects the common interest and not particular interests that conflict with this common interest), and he proposes the introduction of the democratic assembly and laws limiting economic inequalities as means of fostering the tamed egalitarian variant of this drive which is conducive to this capacity.
- Hegel devotes a great deal of attention to the details of the civil and political institutions that foster citizens' disposition to give precedence to the universal welfare vis-à-vis the particularity of their conflicting private interests. A mediation of the particular and universal will and interest.
- Marx's work is devoted to describing the various ways that forms of economy and the division of labor inhibits the capacity to form a general will and how capitalism creates a proletarian mass with homogeneous particular interests that are conducive to the formation of a general will.
- Rawls argues at length that just institutions are conducive to the formation of a reasonable character—i.e. a character that is conducive to the formation of a general will in which the rational capacity is cabined and discipline by the capacity to be reasonable.

Rousseau

The Content of the General Will

There is often a great deal of difference between the will of all and the general will; the latter considers only the common interest, while the former takes private interest into account, and is no more than a sum of particular wills: but take away from these same wills the pluses and minuses that cancel one another, *and the general will remains as the sum of the differences.* (SC, Bk2)

The Content of the General Will



Rousseau on Institutional Design and Character Formation

He who dares to undertake the establishment of a people should feel that he is, so to speak, in a position to change human nature, to transform each individual (who by himself is a perfect and solitary whole) into a part of a large whole from which this individual receives, in a sense, his life and his being; to alter man's constitution in order to strengthen it; *to substitute a partial and moral existence for the physical and independent existence we have all received from nature.* SC 1.6.4.

Rousseauvian Natural and Civil Freedom

- Natural Freedom
 - Sole say with respect to one's individual will.
 - Freedom from subjugation to another's particular will or, in other words, ***non-domination*** through avoidance.
- Civil Freedom
 - Equal say with respect to the will of the immensely powerful collective.
 - Non-domination by others' particular wills by way of equal say over the collective's laws which are to embody the general will.

The Solidaristic Character

The general will is embodied by the enactments of a democratic assembly under the following condition:

All (or most) members of the assembly realize the capacity to (1) grasp the common interest and (2) subordinate or conform her private interest to the common interest: **the developed solidaristic capacity.**

The Character of the Assembly

[W]hen the social bond begins to slacken and the state to grow weak, when particular interests start to make themselves felt and the smaller societies begin to influence the larger one, the common interest changes and comes to have opponents;*****

the general will is no longer the will of all*****

when in every heart the social bond is broken, and when the meanest interest brazenly helps itself to the sacred name of 'public good', the general will falls silent: all men, guided by secret motives, stop giving their views as citizens (*****); and wicked decrees directed solely to private interest get passed off as 'laws'. (SC, BkIV)

Summary: When the social bond is broken, the democratic assembly becomes a vehicle for domination—factions emerge that seek to and often succeed in imposing the faction's particular will on the losers.

Rousseau's Conception of the Key Impediment: Inflamed *Amour Propre*

Amour propre

- Rests on the uniquely human ability to take a second person evaluative perspective
- Drive to be esteemed from that other perspective
 - Recognition of importance of the realization of one's interests
 - Recognition of imperative that have a say about the terms of social interaction
- Protean drive that can take different forms, depending on social influences and opportunities. Two key possibilities:
 - Inflamed – demand to be esteemed as a superior
 - Egalitarian – demand to be esteemed as an equal.

Amour Propre and Solidaristic Character

- *Amour propre* is an ineliminable element of human nature that can manifest either in its inflamed or egalitarian form.
- *The hierarchical equilibrium*. Key members of the inflamed community compete to impose their respective particular wills on others, and they respectively seek to arrogate greater standing to their respective private interests.
 - The social equilibrium for such a society is a hierarchical chain of dominance relations, likely with a fully dominated group as a final link in the chain. (Gilligan, women, slaves, untouchables)
- *The egalitarian equilibrium*. An egalitarian general will is formed by a process that accords equal say (vote) and standing (relative weighting of interests) to each member of the public.
- **The realization of solidaristic character requires the cultivation of egalitarian rather than inflamed *amour propre* throughout the public.**

Rousseau's Solidaristic Institution and Policy

- The Democratic Assembly
- Policies Constraining Inequalities of Wealth (SC, BkII)
 - “as for wealth, no citizen should be so rich that he can buy another, and none so poor that he is compelled to sell himself”
- *See also his theory of moral education (Emile, BkIV)*

Two Forms of Republicanism

Madisonian Republicanism: An institutionalized system of checks and balances designed to ensure that no faction can dominate another. (Federalist No. 10)

Rousseauvian Republicanism: Madisonian Republicanism plus an emphasis on institutions and policies necessary to foster the realization of the solidaristic character and capacity.

Hegel

- Bifurcated Mora Psychology: Universal and Particular interest and welfare.
- The General Will Imperative: Evil is the inability to mediate one's particular interest with universal welfare.
- Solidaristic Institutional Design: Civil Society and the Representative Corporations

Evil

[T]he self-consciousness is capable of making into its principle either the universal in and for itself, or the arbitrariness of its own particularity, giving the latter precedence over the universal and realizing through its actions—i.e. it is capable of being *evil*.
(Philosophy of Right , 139)

Evil is the disposition to pursue own's own private interest without constraint by the common interest.

The evil man violates Hegel's injunction to be a person and respect others as persons.

Hegelian Institutions that Forge Solidaristic Character

- Civil Society as a marketplace where each secures his family's welfare.
 - Directs attention outward to the interest of others.
 - Wins recognition as a breadwinner and occupant of a valued station in the division of labor.
 - Instills ethos of "be a person; respect others as persons." Roughly—mutually recognized equal status as rights holders.
- The State as a forum for grasping that the state's regime of rights serves the common interest and that the common interest is continuous with one's own.
 - Corporations organized around vocational stations headed by trusted deputies who participate in legislative deliberation
 - Freedom of public opinion

Mediation of the individual's disposition to pursue particular interest and the needs of universal welfare.

These institutions forge beings whose particular interests are conditioned and limited by the common interest.

The Rabble

The poor are subject to yet another division, a division of emotion between them and civil society. The poor man feels excluded and mocked by everyone, and this necessarily give rise to an inner indignation. *****

Because the individual's freedom has no existence, the recognition of universal freedom disappears. From this conditions arises that shamelessness that we find in the rabble...*****

(Hegel Lectures of 1819-20, sections 194-196).

The Rich Man

On the one hand, poverty is the ground of the rabble-mentality, the non-recognition of right; on the other hand, the rabble disposition also appears where there is wealth. The rich man thinks that he can buy anything, because he knows himself as the power of the particularity of self-consciousness. This wealth can lead to the same mockery and shamelessness that we find in the poor rabble.

These two sides, poverty, and wealth, thus constitute the corruption of civil society.

(Hegel Lectures of 1819-20, sections 194-196).

Marx

Marx and Democratic Solidarity

The abstract notion of political man is formulated by Rousseau: “Whoever dares undertake to establish a people’s institutions must feel himself capable of *changing*, as it were, *human nature* itself, of *transforming* each individual, who, in isolation, is a complete but solitary whole, into a *part* of something greater than himself, from which in a sense, he derives his life and and his being; ***** of substituting a limited and moral existence for the physical and independent life.

(On the Jewish Question, 46)

Marx's Critique of Rousseau and Hegel

Human emancipation will only be complete when the real, individual man has absorbed into himself the abstract citizen, when as an individual man, in his everyday life, in his work, and in his relationships, he has become a *species-being*, and when he has recognized and organized his own powers as social powers so that he no longer separates this social power from himself as political power. (On the Jewish Question, 46)

The Proletariat as the Unique Vehicle of the General Will

[T]he proletariat itself can again only be a universal [union], and through a revolution, in which, on the one hand, the power of the earlier mode of production and intercourse and social organization is overthrown, and on the other hand, there develops the universal character and the energy of the proletariat. (The German Ideology, D, section 10)

Rawls

Rawls and the Solidaristic Tradition in Political Philosophy

Bifurcated Moral Psychology

General Will Imperative

Solidaristic Institutional Design

Bifurcated Moral Psychology: The Reasonable and the Rational

Rawls: Sibley's account of the **reasonable** is broader but consistent with that expressed by the two basic aspects of being reasonable used in the text. *Political Liberalism* (2nd ed.) 48-9 (fn 1).

Sibley: [K]nowing that people are rational we do not know the ends they will pursue, only that they will pursue them intelligently.

Sibley: Knowing that people are reasonable where others are concerned, we know that they are willing to govern their conduct by a principle from which they and others can reason in common; and reasonable people take into account the consequences of their actions on other's well-being. The disposition to be reasonable is neither derived from nor opposed to the rational....

Rawls's Endorsement of the General Will Imperative

Principle of legitimacy: "[O]ur exercise of political power is proper and hence justifiable only when it is exercised in accordance with a constitution the essentials of which all citizens may reasonably be expected to endorse in the light of principles and ideals acceptable to them as reasonable and rational." (Political Liberalism, 2nd ed., 217)

Whereas public reason with its duty of civility gives a view about voting on fundamental questions in some ways reminiscent of Rousseau's *Social Contract*. He saw voting as ideally expressing our opinion as to which of the alternative best advances the common good. (Political Liberalism, 2nd ed., 219-220)

Rawlsian Institutional Design

- Part III of Theory of Justice argues at length for the thesis that just institutions will cultivate the citizenry's disposition to be reasonable.
- In Part II of Theory of Justice, Rawls argues for particular forms of economy as an alternative to capitalism: democratic market socialism or property-owning democracy. His key claim is that the two principles of justice can only be realized by these forms of political economy. In this vein, a further question we might ask queries the form of political economy that does the best with respect to cultivating our solidaristic potential.