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12. Michael Specter, '10,000 Stampede As Russian Stock Collapses', *New York Times*, July 30, 1994, p. 1.

13. William Simon, 'The Prospects of Pension Fund Socialism', *Berkeley Journal of Employment and Labor Law* 14 (1994), pp. 251–74.

14. Roemer, *A Future for Socialism*, pp. 71–72.

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Roemer's Market Socialism: a Feminist Critique

Nancy Folbre

John Roemer offers a new low-fat recipe for socialism, very different from one that clogged the economic arteries of the state socialist countries and contributed to their collapse. In nouvelle left economics, markets (everywhere in fashion) are a key ingredient – and I think they should be. I agree with Roemer's claim that market competition promotes the kind of dynamic efficiency crucial to economic health, and I welcome his emphasis on egalitarianism as a key element of the socialist vision.

But Roemer's confidence in markets is excessive, and his approach to egalitarianism is disturbingly incomplete. Ironically, the most obvious shortcomings of his approach reflect the legacy of the Marxian orthodoxy he otherwise rejects. Largely preoccupied with differences among groups defined by differential ownership of the means of production, Roemer underestimates other forms of collective identity and action such as those based on nation, race, gender, age and/or sexual orientation. His approach is class-centric.

Perhaps because he focusses on the 'productive' sector of the economy, he slights the problems of the contemporary welfare state. Treating it in a cursory fashion as simple 'redistribution of income', Roemer overlooks important problems and sidesteps current political debates over the appropriate organization of education, health care, social insurance and family life. In these respects, Roemer's priorities are eerily reminiscent of Lenin's: socialize the 'commanding heights' of the economy first, then address other problems of social inequality.

In contesting these priorities, I will argue that the market-socialism debate would be enriched by more attention to the feminist and anti-racist literature, but will also express my affection for a central aspect of the socialist feminist tradition: its critique of the selfish proclivities of 'rational economic man'. Roemer fails to specify any

limits to markets, and his lack of concern with the type of values, preferences and behavior that markets may foster is an ugly aspect of his vision. It may also be an inefficient aspect, especially where the care and nurturance of people (also known as social reproduction or the production of human capital) is concerned.

Class-centrism

In *A Future for Socialism*, as in his previous work, Roemer focuses on class differences, defined in economic terms. Indeed, he generally treats asset ownership as the only structural (rather than social-psychological) factor differentiating social groups. Forms of discrimination based on aspects of social identity such as race or gender are attributed to exogenously given tastes and preferences, often reinforced by capitalist strategies of profit maximization.¹

Roemer seems to believe that the traditional Marxian emphasis on class was once appropriate, but no longer quite up to date. Even today, in Roemer's view, most 'public bads', including environmental degradation and the Gulf War are exacerbated by the existence of a 'small, powerful class of people deriving gargantuan amounts of income from profits'.² This is true to some extent. But the existence of other small (or not so small) groups of people with distinct collective interests is also relevant. Environmental 'bads' have long been far worse in the Soviet Union than in the United States, largely because of lack of accountability of the technical/managerial class. The spatial distribution of air pollution and toxic wastes in both the Soviet Union and the United States shows that they have a disproportionate impact on people of color.

Class is one among many dimensions of social division. Contrary to Roemer's claims, capitalist countries have not indulged in demonstrably greater abuses of military force than state socialist regimes. Military aggression cannot be attributed simply to the concentration of wealth ownership. Roemer emphasizes that the Gulf War served the interests of US capitalists, and cites polls showing that most citizens were initially opposed to the war.³ This is hardly evidence that they did not benefit from preservation of the current structure of political power in the Middle East, which deters oil-exporting nations from collectively increasing the price of oil. Further, the middle- and upper-class white population paid a much lower cost for that military sortie than did less affluent people of color, who were disproportionately represented among ground combat troops.

Of course, it is difficult to compare 'public bads', because there are so many of them, and they are bad in so many different ways. But it is not hard to think of many that are unrelated to profit maximization per se. For instance, the history of public income transfers in the US shows that a predominantly white majority has laid claim to the lion's share of entitlements, restricted public assistance to the poor and is currently engaged in an energetic effort to scapegoat welfare mothers. Similarly, the gross inequities that characterize education finance in the US (which Roemer seems to attribute simply to some 'lack of community') are the product of explicit collective strategies devised and implemented by predominantly white middle- and upper-class communities.

There is no prima facie reason to believe that the unequal distribution of profits generates more profound inequalities than the unequal distribution of government spending and of earnings. Relative to taxes, corporate profits represent a relatively small 'surplus'. In the US in 1991, the sum of federal, state and local tax receipts was more than five times greater than total corporate profits.⁴ Similarly, we might ask how much money we would need to transfer from full-time male wage earners to bring their income into rough equality with those of full-time female wage earners. The answer, for the US in 1992, is about \$53 per week per male employee or about \$132 billion, over a third of corporate profits.⁵ And this calculation is an underestimate, because it leaves part-time market work and household work out of the picture.

What does Roemer have to say about earnings inequalities? In his earlier work, he suggested that it might be analyzed in class-theoretic terms. *Free to Lose* treated human capital in the form of education, training and experience as an asset and correctly emphasized that this form of capital cannot easily be expropriated from its owners.⁶ Indeed, Roemer noted that inequalities in human capital associated with the emergence of a professional managerial class lead to a type of exploitation characteristic of state socialist societies. This form of exploitation would likely persist, if not intensify, within the market socialist economy he proposes in his more recent work.

Apparently this no longer troubles him. He now explains that 'As long as a market for labor exists and people are differentially educated and talented, there will be wage differentials' and ignores the role that forms of discrimination and cultural valorization play in shaping wage differentials.⁷ In fact, he stipulates that 'considerations of efficiency pretty much determine the distribution of wages among workers'.⁸ Not surprisingly, the book contains no discussion of racial

or sexual discrimination in the labor market, and no mention of affirmative action or pay equity.

Roemer downplays the significance of racism and sexism as social phenomena: 'I do not ignore the fact that people themselves have racist and sexist ideas, and so one cannot expect changes overnight with respect to these practices.'⁹ How many nights, exactly, before one could expect changes? Roemer's language evokes the traditional Marxist notion that forms of inequality based on race and gender are merely 'superstructural'. He does not even deign to cite the literature that treats race and gender as forms of collective identity and action. Roemer's only concession to feminist theory is his careful utilization of female as well as male pronouns. If there is any reference in his manuscript to the non-Marxist literature on race, I cannot discern it.¹⁰

The class-centrism of Roemer's market socialism (which shines through most of his work) is accentuated by his emphasis on the substantive and strategic primacy of equalizing financial assets. He observes that differential education is a major source of earnings inequality, but would defer any efforts to equalize per-student educational expenditure until after his revolution, until his proposed reforms have created the social solidarity that could foster a genuine egalitarianism.¹¹ Redistribute wealth first (the material base), then build social solidarity (the superstructure). But where is the social solidarity that is required to redistribute wealth going to come from?

As many critics, such as Fred Block and Joel Rogers, pointedly emphasize, Roemer offers no political theory of how or why his proposals might be adopted in this or any other country. In my view, his narrow, wealth-based definition of egalitarianism would make it very difficult to build the kind of political coalition needed to implement market socialism. It is certainly unlikely to garner much support from women or minorities.¹² And Roemer's lack of attention to current political struggles leads him to a misplaced emphasis on the viability of redistributing financial assets as the first step from which other noble steps would follow.

No 'share the wealth' movements are evident in US politics today, but campaigns for school funding equalization, a virtual continuation of the civil rights movement, have long been under way in many states, including Texas and New Jersey.¹³ A nationwide campaign around this issue could well enjoy more direct support than efforts to redistribute financial assets. Obviously, the two political strategies are not mutually exclusive. In fact, more egalitarian schooling may be a requirement for the success of financial asset redistribution. Without

it, the less educated are likely to fare poorly as investors or pay exorbitant commissions to better-educated investment advisors.

There would be distinct political advantages to a strategy aimed at more egalitarian distribution of both human and financial capital. Steep increases in inheritance taxes, such as Roemer advocates, could be used to finance additional investments in education for children living in poverty. The legacies of class and racial/ethnic inequalities could be addressed simultaneously. My point here is that a broader definition of egalitarianism would not only serve Roemer's political ends, but could also provide a better means to those ends.

One more comment on the legacy of class-centrism: it fosters the economistic assumption that egalitarian distribution of wealth and income is more important than egalitarian distribution of work, responsibility and authority. Thus, measures to increase the income of workers, women, people of color and the poor are considered more important than measures to increase their access to education, training and interesting jobs. Are cash transfers really sufficient to compensate for crummy working conditions? There is no simple correspondence between market income and self-realization. Surely this is one of the most precious insights of Marx's critique of bourgeois social values. It is an insight that applies to indignities based on nation, race, gender, age and sexual orientation, as well as class. And none of these dimensions of inequality is necessarily any more 'attitudinal' or less 'economic' than the other.

The Welfare State

Perhaps because he appreciates the limited impact profit redistribution alone might have, Roemer clearly states his allegiance to the welfare state. But, true to form, he defines it in class-centric terms as something brought about by a highly disciplined labor movement and a relatively homogeneous work force and possibly an indirect result of the egalitarian example set by the Bolshevik revolution.¹⁴ He views social democracy, like the welfare state it promotes, as a means of redistributing income in a more egalitarian fashion.

Consider an alternative perspective: the welfare state is not a byproduct of class-based struggles over the surplus, but the outcome of a complicated interaction between the family, the market and the state, shaped by collective interests based on nation, race, gender and age, as well as class. More than mere 'redistribution', social programs are afflicted by problems similar to those that beset both markets and

central planning, including the exploitative strategies of social groups, perverse incentives and externalities.

The rhetoric of social democracy has always been based on the metaphor of the social family, and cross-national differences in social policy have been significantly influenced by racial/ethnic composition, demographic circumstance and perceptions of national interest. In general, the growth of labor markets based on individual wages has weakened the traditional patriarchal family and attenuated intra-family income flows, with some positive and some negative effects. On the one hand, women and children have gained new freedom from elder male authority. On the other hand, a set of complex social institutions designed to provide support for the care and nurturance of dependants has eroded. State social programs developed largely in response to this erosion have had a very uneven impact. In most cases, men have fared better than women, the elderly better than children, non-parents much better than parents, and whites much better than people of color. Income transfers in the advanced capitalist countries alleviate some forms of poverty and exacerbate others.¹⁵

The welfare state, far from 'egalitarian', is the site of distributional conflict. Further, its policies contribute to the development of political coalitions based on gender, race and age that undermine the potential for class-based solidarity. Thus, left political economists need to rethink the principles upon which public income transfers should be based, not only because this is crucial to a larger egalitarian vision, but also because it is necessary to the development of a political coalition capable of redistributing productive assets.

Reconsideration of the moral and political principles of the welfare state is a daunting task in and of itself. But it must also be accompanied by a careful and sustained analysis of the economic inefficiencies of social welfare programs. The most obvious of these fall into the category of agency problems, including the lack of incentives to maximize efficiency. One of the best progressive critiques of Aid to Families with Dependent Children (AFDC) emphasizes the tremendous administrative costs of the current system and argues that public transfers should be directly distributed to the needy through a guaranteed income.¹⁶

Most economists agree, in principle, that a negative income tax system would be far superior to the existing AFDC program, which suffers from obvious incentive problems. While there is, as Roemer notes, a large literature describing these problems, most of it is empirical in nature, avoiding even the least mention of economic justice. On the Left, the widespread notion that assistance to the poor

could be financed entirely by taxing the idle rich has made it easy to avoid a more substantive issue: what kinds of restrictions and requirements should be placed on recipients of public assistance who are capable of productive work? Both socialist and liberal egalitarian principles mandate some quid pro quo, but both quid and quo are open to debate. I would argue that adult recipients of AFDC already perform some productive work – child rearing – in return for the assistance they receive (this does not imply that they should not be encouraged to find paying work as well). But left economists, other than feminists, have been remarkably reticent about the punitive 'workfare' measures recently imposed by several states and under consideration on the national level.

Roemer implies that market competition is the appropriate solution for agency problems. In my opinion, this is more likely to be the case in the realm of production than in the realm of social reproduction. It is hard to tell whether or not, or where, Roemer would draw the line. Take education. Many critics correctly point out that public (state) schools are administratively top-heavy and fail adequately to monitor or reward good teaching. Would Roemer advocate the type of increased competition among schools that a voucher system would provide? If so, he must concede that schools do not produce a homogeneous product whose quality can easily be measured. Should teachers' pay simply be determined by their students' scores on standardized tests? Also, school vouchers pose a serious agency problem: parents who do make a choice of school may not act in the best interests of students. What if a significant subset of children is penalized simply because their parents are too constrained, too poorly educated themselves or just too apathetic to make the best choice?

Health is another classic case: asymmetric information, high transactions costs and fearful risks make it difficult for consumers to make optimal choices. And of course, insurance itself creates third-party problems. Many health care experts argue that a single-payer system provides the best health care for the money. Does the logic of Roemer's market socialism militate instead towards 'managed competition'? And if so, how exactly would it be managed (presumably not in Clintonesque style).

Another crucial issue is the impact of social policy on family formation. While the decline of intra-family transfers helped motivate the development of welfare programs, these have had the reciprocal effect of weakening family ties. Socialists and feminists need to ask themselves exactly what kinds of family commitments should be encouraged. I would argue that the state should strictly enforce both

parents' financial responsibilities for their children, and provide some financial compensation for unpaid family labor involved in the care of children, the sick and the elderly. However, I do not believe that it should subsidize non-market work in general (i.e., housework) or discriminate against gay and lesbian families. These are *economic* issues of considerable significance. Where do Roemer and other market socialists stand on them?

The incentive problems described above are exacerbated by a particular externality problem. Current fiscal and welfare state policies have socialized many of the economic benefits of children for taxpayers as a whole, who enjoy significant claims on their future earnings. Public contributions to the cost of raising children, however, have remained relatively small. Individuals who devote relatively little time, energy or labor to child rearing are essentially free-riding on parental labor. In the fiscal sense, at least, children are public goods.¹⁷

A socialist feminist strategy would promote more equal distribution of the costs of children, as well as more equal opportunity for children themselves. Improved child support enforcement would help, as would increased public subsidies for childcare. But however necessary, these are not sufficient. Parents should be compensated for their efforts through a greater tax exemption or credit for raising children. And families with children should be guaranteed the means to obtain a minimum income above the poverty line. How do Roemer and other market socialists propose to provide support for child rearing? Or do they not?

As should be apparent, by now, I do not think that the most serious ailments of the welfare state can be successfully treated by the prescription of more markets (though small homeopathic doses may be useful here and there). One reason for this is fairly obvious: the public provision of health, education and welfare is more complex than the provision of impersonal commodities, if only because the 'consumers' are often too young, too sick or too desperate to exercise sovereign choice. The welfare state, like the family, is primarily a site of social reproduction, and its primary product is welfare itself. If we refuse to treat people as commodities (as I think we should) we cannot use profit maximization as a palliative for the problems of welfare management. Whatever the role of markets elsewhere in the economy, some aspects of state planning simply need to be better planned.

Competition versus Caring

Human nature is at the heart of the question. Roemer, like other advocates of market socialism, rejects the notion that people either are, or should be expected to be, unselfish. If people always acted out of concern for others, the agency problems that he describes would hardly exist. 'I therefore remain agnostic,' he writes, 'on the question of the birth of the socialist person, and prefer to put my faith in the design of institutions that will engender good results with ordinary people.'¹⁸ Me too.

But the juxtaposition between socialist persons and everyone else is not terribly helpful. Just how selfish are ordinary people? The design of social institutions affects what they want and how they act. What if institutions designed to harness the energy contained in the pursuit of self-interest ultimately discourage altruism and solidarity? In the old-fashioned vocabulary of dialectical materialism, people are partly the product of their historical circumstances. In more neoclassical terminology, ordinary people are not exogenously given.

As Amartya Sen pointed out long ago, most rational choice theories depend far too heavily on the assumption of perfect selfishness.¹⁹ No society based entirely on individual self-interest (defined narrowly as the absence of love, altruism or otherwise positively dependent utilities) would be capable of the forms of cooperation crucial to social reproduction. Left-wing critics of market socialism, like Michael Albert and Robin Hahnel, do not prophecy the birth of socialist economic persons. They argue, rather, that a socialist society should foster and encourage unselfish behavior.²⁰

One need not agree with their views to wince at Roemer's lack of concern for values and norms of cooperation. He explores the tensions between democracy and equality without even mentioning solidarity. The Frenchmen who stormed the Bastille in 1789 added 'brotherhood', at least, to their slogan. The problem is not that ordinary people are somewhat selfish, which is indisputable, but that they could become even more selfish than they already are.

Much of the work of social reproduction in both the family and the market can be described as 'caring labor'. It is undertaken, at least in part, out of concern for the happiness and well-being of others. Historically, women have had a greater propensity than men to specialize in caring labor, partly because their access to other types of labor has been severely restricted, partly because cultural norms define femininity in terms of altruism and caring.²¹ With increases in women's participation in the labor market, the erosion of family

commitments, and the cultural redefinition of gender, the social space for caring labor has been reduced. The traditionally masculine pursuit of individual self-interest has become a prescription for appropriate human behavior in every realm.

Karl Marx believed that an economy based on competition would eventually lead to economic anarchy. While he exaggerated the instability of capitalist market economies, he clearly foresaw the adverse impact of competitive individualism on family life, as did Karl Polanyi.²² A wide body of literature suggests that caring, altruism and reciprocity are reinforced by social norms that can be considered long-run implicit contracts. These norms help overcome the free-rider problems that would otherwise make such exchanges risky and inefficient.²³

Some norms, such as those that discourage robbery, cheating or extortion, are fostered by the successful institutionalization of exchange relations. But other norms, specifically norms of caring for other people, are discouraged by impersonal spot markets. In fact, the primary ideology of market exchange is based on the claim that the individual pursuit of self-interest benefits everyone. It seems entirely possible that legitimation and reiteration of this claim has a negative impact on caring behavior. For instance, empirical evidence suggests that studying neoclassical economics encourages students to act in more narrowly self-interested ways.²⁴

In any short-run bargaining situation, a party that cares more about the other party (or cares more about the consequences to a third party, such as a child) is in the weakest position to advance their own economic interests. This matters little if their 'care' is unaffected by an unfair economic outcome, because they derive intrinsic pleasure from the other person's gains. But once burned, they may become less likely to care next time around. Nice guys (or gals) finish last. No good deed goes unpunished.

Market transactions may penalize care for another reason: it is extremely difficult to monitor. The theory of efficiency wages suggests that employers often benefit by paying more than a market-clearing wage. By doing so, they not only gain some leverage over their employees (by increasing the cost of job loss) but also gain intangibles such as loyalty and good will that improve job performance. By this reasoning, we might expect employers to pay an especially high wage premium for jobs that involve care of children, the sick or the elderly, because the quality of genuine care is so difficult to observe.

But these jobs tend to be very poorly paid. In her analysis of the relationship between the pay rates and types of skill required by

detailed occupations, Paula England finds a net negative return to nurturance; by contrast, the exercise of authority has a very positive impact on occupational pay.²⁵ It seems that our economy places a low value on caring labor, perhaps because it is generally performed by workers with little bargaining power.

On the other hand, perhaps caring, unlike other dimensions of job performance, cannot be successfully elicited by greater pay. If you can get more by simply paying more for it, maybe it isn't caring labor at all. For instance, remunerating parents on the basis of how well their children 'perform' undermines the principles that elicited parental commitment. Put in more vulgar terms, a high-priced hooker may be skilled at faking her emotions, but the buyer still knows they are fake.

Performance-based pay may actually lower quality. There are precedents for this argument in the growing literature criticizing androcentric models of 'rational economic man'.²⁶ The most direct, though perhaps most macabre, analogy lies with Richard Titmuss's classic research on the donation of blood for transfusions.²⁷ In an era when the quality of blood was difficult to monitor, he found that countries that relied on voluntary donations of blood, like the United Kingdom, fared much better than those, like the US which paid donors. People who gave blood for money were more likely to lie about their medical history and less likely to offer uninfected blood.

In general, the cheapest way to screen workers or partners for caring may be to offer them a lower pecuniary reward (or, as Gershwin put it, 'I can't give you anything but love, baby'). The only reason someone would accept a job as a daycare worker that pays far less than the alternatives is that he or she truly enjoys caring for children. Profit-maximizing employers may actually have a productivity-related incentive to pay less for caring labor.

Here again, the consequences are less troubling in the short than in the long run, as preferences, norms or values are modified. For instance, daycare workers find that the intrinsic pleasures of children wear thin after a few months of poorly paid, highly stressful work, and their turnover rates are quite high. This probably has unfortunate, though difficult to measure, consequences for the quality of childcare. Changes in the organization of family life may also have a significant long-run impact. A woman who plans to marry, have children and receive a share of her husband's income rather than be paid the market value of her labor may be willing to supply caring labor to the market for a short period of time, because the cost to her is relatively small. But a woman who predicts that her long-run economic welfare will be

largely determined by her own market earnings will be more reluctant to pay the caring labor penalty. Rational economic woman does not want to depend on or care for rational economic man.

Probably more important than such individual calculations are the changing social norms and values that accompany the transformation of work. The celebration of new opportunities for women is often accompanied by the stigmatization of traditional gender roles. When a choice to specialize in non-market labor, or in caring jobs that are 'stereotypically female', is interpreted as a sign of passivity or stupidity, individuals may reduce their own caring and encourage their sisters, daughters and friends to do the same. Increased rewards for individual performance, along with cultural depreciation of family and social commitments, threaten what might be termed a 'masculinization' of society.

A concern for caring as a distinctive and valuable aspect of women's values helps explain why socialist feminists, unlike liberal feminists, argue that women's liberation should be measured not only by women's access to men's jobs, but also by men's willingness to take on tasks traditionally performed by women. It also helps explain why any vision of market socialism must explicitly consider not only public support for family labor, but also the larger balance between market and non-market institutions.

Where is the 'social' in Roemer's socialism? He envisions a just and egalitarian society that rewards intelligence, initiative and effort. With a major redistribution of intangible, as well as tangible assets, markets could help realize this vision. But markets would do little to reward affection, solidarity or caring. And these traditionally feminine qualities – too often assumed to be natural, God-given or otherwise exogenous – are also important to the efficient functioning of the economy as a whole.

Conclusion

The general concept of market socialism is the offspring of two otherwise disparate traditions – Marxism and liberalism – that share a legacy of economism and androcentrism. Most market socialists, like Roemer, are more interested in the specific mechanisms of asset reorganization than in its implications for race, gender or social reproduction. Most who read or listened to this critique were more sympathetic to feminist concerns than Roemer, but equally unwilling to engage feminist theory. Their overwhelming response was: 'There

is nothing in Roemer's model that actually precludes dealing with these concerns. Can't they just be added on?'

The answer is no. A feminist reading of Roemer does not generate a list of policy measures that could be appended to a program of asset redistribution, but a set of questions that remain not only unresolved, but largely unexplored. Will market socialism, or its attendant welfare state, do anything to weaken forms of privilege based on race and gender? How far should markets extend within the realm of social reproduction? Do markets encourage what we think of as 'masculine' as opposed to 'feminine' behavior?

These questions bear directly on the economic desirability and the political viability of the market-socialist vision. Since we do not yet know the answers, we should construe them as a serious and sympathetic challenge, rather than a hostile critique. In his concluding chapter, Roemer reiterates that socialism should be conceived as egalitarianism and build upon those aspects of capitalism that have had good effects. Yes; that is exactly why socialism should draw from the theory and practice of feminism.

Notes

1. See also John E. Roemer, 'Divide and Conquer: Microfoundations of a Marxian Theory of Wage Discrimination', *Bell Journal of Economics* 10 (1979), pp. 695–705.
2. John E. Roemer, *A Future for Socialism*, Cambridge, MA: Harvard University Press 1994 p. 57.
3. Roemer, *A Future for Socialism*, p. 111.
4. See *Statistical Abstract of the U.S., 1993*, Washington, DC: Government Printing Office, pp. 292, 446.
5. *Ibid.*, p. 426.
6. John E. Roemer, *Free to Lose. An Introduction to Marxist Economic Philosophy*, Cambridge: Harvard University Press 1988.
7. Roemer, *A Future for Socialism*, p. 50.
8. *Ibid.*, p. 120.
9. Roemer, *A Future for Socialism*, p. 112.
10. For a more detailed critique of class-centrism, and a review of the relevant feminist and anti-racist literature, see Nancy Folbre, *Who Pays for the Kids? Gender and the Structures of Constraint*, Routledge 1994.
11. Roemer, *A Future for Socialism*, p. 111.
12. A similar criticism applies to most models of market socialism. For instance, those based on worker ownership could actually intensify race and gender differences by reinforcing the advantages that white male workers already enjoy, by virtue of their employment in relatively stable, profitable firms.
13. Nancy Folbre, 'Showdown in Texas', *Dollars and Sense* (June 1993), pp. 6–8, and 'Remember the Alamo Heights', *Texas Observer* (November 13, 1993) 1, pp. 6–9.
14. Roemer, *A Future for Socialism*, p. 25.
15. Folbre, *Who Pays for the Kids?*, pp. 91–125.
16. Teresa Funicello, *Tyranny of Kindness. Dismantling the Welfare System to End Poverty in America*, New York: Atlantic Monthly Press 1993.

17. Nancy Folbre, 'Children as Public Goods', *American Economic Review* 84:2 (May 1994), pp. 86-90.
18. Roemer, *A Future for Socialism*, p. 114.
19. Amartya Sen, 'Rational Fools: A Critique of the Behavioral Foundations of Economic Theory', *Philosophy and Public Affairs* 6:4 (Summer 1977), pp. 317-44.
20. Michael Albert and Robin Hahnel, *Looking Forward*, Boston: South End Press 1991.
21. Nancy Folbre and Heidi Hartmann, 'The Rhetoric of Self-interest: Selfishness, Altruism, and Gender in Economic Theory', in Arjo Klamer, Donald McCloskey and Robert Solow, eds, *Consequences of Economic Rhetoric*, Cambridge, MA: Cambridge University Press 1988 pp. 184-206; Nancy Folbre, 'Holding Hands at Midnight: The Paradox of Caring Labor', manuscript, Department of Economics, University of Massachusetts, Amherst, MA, 01003.
22. Karl Polanyi, *The Great Transformation*, Boston: Beacon Press 1944.
23. David Collard, *Altruism and Economy*, New York: Oxford University Press 1978; Geoffrey Hodgson, *Economics and Institutions*, Philadelphia: University of Pennsylvania Press 1988.
24. Robert Frank, Thomas Gilovich and Dennis T. Regan, 'Does Studying Economics Inhibit Cooperation?', *The Journal of Economic Perspectives* 7:2 (Spring) 1993, pp. 159-72.
25. Paula England, *Comparable Worth: Theories and Evidence*, New York: Aldine 1992, p. 164.
26. Marianne Ferber and Julie Nelson, *Beyond Economic Man: Feminist Theory and Economics*, Chicago: University of Chicago Press 1993.
27. Richard Titmuss, *The Gift Relationship: From Human Blood to Social Policy*, London: George Allen and Unwin 1970.

Status Inequalities and Models of Market Socialism

Debra Satz

In the last several decades, the hopes and claims of socialists have been transformed.¹ The labor theory of value, the Marxian concept of exploitation, the belief in a single, unified agent of social transformation and the ideal of a completely conflict-free society no longer define the politics of reflective people who consider themselves socialists. Most importantly, contemporary socialists have recognized that no modern economy can dispense with markets. Socialists must thus confront questions about where, why and how society is to rely on markets; they must examine the complex relationships between markets, equality and human motivation.

Liberalism, too, has undergone significant reformulation since the 1970s. Egalitarians have challenged those strands of liberalism which permitted the arbitrary factors of inherited wealth, social position and the 'genetic lottery' of talents to determine the life chances of individuals. The assumption that individuals have ownership rights in their talents and abilities (and that therefore welfare state redistribution as well as socialism are unjust) has been subjected to a compelling attack.² Liberals and socialists are no longer rigidly divided along a priori lines of principle as to the question of what forms of property – capitalist or socialist – best realize human flourishing. Thinkers from both schools have converged on the thought that it is equality which people should want, and that we ought to be committed to whatever forms of property, politics and political economy best realize that ideal.

To be sure, there is considerable disagreement about the type of equality which socialists and liberals think people should want. Should we want equality of opportunity, equality of income, equality of welfare, equality of opportunity for welfare or equality of resources? However, whatever metrics of equality contemporary theorists have adopted, their focus has generally been on distributing some benefit