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Status Inequalities and Models of Market Socialism

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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

among individuals, and not on the refiguration of the (given) relationships within which those individuals stand.³ For example, although John Roemer mentions three dimensions of equality of opportunity which socialists want – self-realization and welfare, political influence and social status⁴ – *A Future for Socialism* concentrates on designing a feasible mechanism for advancing only the first of these (via redistribution of profits), and ignores or downplays the other dimensions of equality which explicitly call our attention to the unequal power of individuals and the hierarchical relationships between them. Roemer's model of market socialism challenges neither gender inequality, racial and ethnic marginalization, nor elite control of economic decision making.

There is undoubtedly an important rationale for focusing on redistributing those goods and opportunities which causally effect the degree of material equality between individuals. Material inequalities (for example, inequalities in income and wealth) support and sustain inequalities in political influence and social status. Money talks, and its language translates into corruption, unequal political influence and unfair access to scarce opportunities. Furthermore, material inequalities play a role in maintaining relationships based on unequal status: people who hold material advantages can coerce those who are economically vulnerable. For example, poor women with dependent children are less likely than others to leave abusive relationships or oppressive work situations. As vulnerable women receive greater material security, they become more likely to leave purely instrumental and degrading relationships; they become less likely to make what Michael Walzer terms a 'desperate exchange'.⁵

But there are forms of inequality, best characterized in non-material terms, which also have a profound effect on human well-being and quality of life. For this reason, I believe that the narrow focus on distributing some metric of material benefits,⁶ common among many contemporary egalitarians, is a mistake. The socialist and liberal traditions offer us another vision of what equality is. I will call this conception *status equality* although it is not simply concerned with the juridical relationships within which people stand.⁷ People who bear formally equal political status to each other can also stand, at the same time, in 'non-political' relationships of unequal status.

Relationships of unequal status are characterized by lack of reciprocity, hierarchy and a lack of accountability. There is a distributional component to status inequalities: they are relationships of unequal power. An agent A has power over an agent B where A can command B to act in A's interests through imposing or threatening

to impose sanctions, but B cannot reciprocally command A. In relationships of unequal status, people cannot speak up or exercise control over their circumstances because they are dependent upon others who can fire them, demote them, tyrannize them, harass them or abandon them at will.

Relationships of unequal status can also involve attitudes or norms which marginalize people or degrade them and which shape their self-conceptions in ways which serve the interests of others. Gender inequalities, in particular, have historically functioned, at least in part, through (male) attitudes and norms which have shaped women's conceptions of what women should want. The emphasis on degradation, discounting of interests and marginalization is crucial to my analysis of why (and which) status inequalities are wrong. Some inequalities – those that produce the Michael Jordans and Linus Paulings of this world – are not based on either the exclusion and discounting of others' interests or the exercise of unaccountable and asymmetric power. Even where such inequalities lead to differentials in status, for example, in honor and regard, they are not here considered objectionable.

I believe, and will argue, that redressing those status inequalities based on hierarchy, discounting of interests, and asymmetric and unaccountable power requires more than simply giving people more money (or resources or opportunities for welfare. . .). Their relationships must be reshaped to provide them with opportunities for recognition, reciprocal influence and dignity.

This paper has three parts. In the first part, I develop the idea of status equality, drawing on strands in socialist and liberal thought. I elaborate several virtues of status equality and defend it as an ideal. In the second part, I examine John Roemer's explicit arguments for rejecting worker-management versions of market socialism in favor of what he terms 'managerial' market socialism. I challenge those arguments first on their own terms. Despite my criticisms, I hope that my sympathy with Roemer's often brilliant attempt to develop a feasible model of market socialism will be apparent. Secondly, I argue, more externally, that Roemer's version of socialism is an incomplete and unnecessarily narrow moral ideal. By ignoring status inequalities, Roemer weakens the moral appeal of his market socialism. In the third part of this paper, I explore the relationship between material inequality and status inequality. I am particularly interested in exploring this relationship as it bears on the case of gender inequality. I argue that material equality is not sufficient for the achievement of gender equality; the latter requires independent

political and cultural measures, centering around a redistribution of power between men and women.

1 The Ideal of Status Equality

A great deal of recent egalitarian theory de-emphasizes what I am calling status inequality. Workplace, firm and family relationships do not stand at the center of the kind of equality which many egalitarians aim to advance. Rather than focusing on mechanisms of domination, unaccountable power, marginalization and the attitudes which sustain them, egalitarians have instead concentrated their debate on the material benefits (however these are understood) which they believe should be distributed to people equally.

Roemer's own recent work parallels this trend, in focusing almost exclusively on the redistribution of income and wealth.⁸ Discussion of gender and race relations, hierarchy, alienation and asymmetric power are noticeably absent from his discussion. This is surprising, since the quality of social relationships has been a central concern of socialist theory. But it is also surprising given that most people actually care a great deal about the nature of their relationships and not simply about how the benefits those relationships produce get distributed. For example, the objection most people have to slavery or indentured servitude is not captured by focusing solely on material inequalities (e.g. on the fact that slaves are almost always poor).⁹ Rather, it is because slaves are given a degraded and unequal status, their fundamental interests discounted, their opinions and values treated as insignificant, and because they are treated as 'dishonored' people,¹⁰ that most of us think slavery is an abominable and 'evil' institution.

The human species has shown itself to be deeply creative in finding ways to deny equal status to people. Beyond the extremes of torture, mutilation, arbitrary imprisonment and genocide, we do not have to look far to find contemporary examples of marginalization, scapegoating, denigration, subordination and domination.

Social movements have been inspired as much by the need to win recognition and inclusion, as by the need to rectify unfair economic outcomes. Consider the examples of the Chartist movement in Britain, the civil rights movement, movements in favor of the rights of ethnic minorities, the women's movement. In addition to the facts of material inequality there are facts of exclusion and subordination, facts which people care about and act upon. Traditionally, some socialists and liberals have been moved by these latter facts to make status equality one of their central objectives.

Marx's own view of equality helps to illustrate the distinction I am drawing between status inequality and economic inequality and to place a socialist pedigree (if one is needed) on the idea of status inequality. In his writings, Marx is not only a critic of formal juridical conceptions of equality, but also of distributive conceptions of justice which seek to provide people with equal reward for equal amounts of labor.¹¹ Marx's criticisms have led theorists like Allen Wood to argue that Marx was 'no friend to the idea that "equality" is something good in itself'¹² and even to claim that Marx was an immoralist. But I think Wood's view is mistaken. Marx's criticisms are directed against precisely those conceptions of equality which leave the unequal status relationships between people untouched. There is a powerful passage in *Capital*, volume 1, which makes this point:

The sphere that we are deserting, within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property, and Bentham. Freedom, because both buyer and seller of a commodity, say of labour power, are constrained only by their own free will . . . Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself . . .

On leaving this sphere of simple circulation or of exchange of commodities, which furnishes the 'Free-trader Vulgaris' with his views and ideas, and with the standard by which he judges a society based on capital and wages, we think we can perceive a change in the physiognomy of our dramatis personae. He, who before was the money owner, now strides in front as capitalist; the possessor of labour power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and had nothing to expect but – a hiding.¹³

In this sardonic passage, Marx objects to the capitalist workplace not because of its outcomes in terms of economic inequality, but because it subjects the worker to the power and domination of the capitalist owner. This power is asymmetric¹⁴ – the capitalist 'smirks', the worker is 'timid and holding back'. Beneath the formal equality of the market, this passage reveals the hierarchical and despotic relationship of capitalist to worker.

Status inequality, and not inequality in material outcome, was central to Marx's criticism of capitalism. While he criticized (inconsistently) the distributional outcomes which advantaged the owners

of capital,¹⁵ he focussed his criticism on two types of unequal and degrading status relationships which he thought characterized the capitalist system. *Capitalist production relationships* necessarily subordinate the interests of workers to the interests of capitalists. In a capitalist system, if capitalists do not generate profit, workers' interests cannot be met and workers lose their jobs and livelihoods. Moreover, workers have no control over the production process and no say in the investments of their firms, the mechanism by which profit is generated. These decisions are made by others who are not accountable to them. Marx believed that workers in capitalist firms were treated, by the very logic of the capitalist system, as 'appendages to machines'.

Marx also believed that *capitalist market relations* involved people in relationships of unequal status because they placed (or at least appeared to place) human interests under the control of things. When confronted with the complexity of the capitalist market, people become passive; they cannot see the market's outcomes as the result of their independent, atomized decisions. In the capitalist market, things, commodities, become endowed with the power to dictate social and economic life: people are subordinated to things.

The idea that some group (or even inanimate things) should not be able to exercise asymmetric and unaccountable power over others is not only part of the socialist tradition, but of the liberal tradition as well. For example, John Stuart Mill questioned the morality of a system of relationships which gave husbands unaccountable power over their wives as well as employers unaccountable power over their workers. Such relationships, he argued, were not compatible with equal dignity and respect.¹⁶ The 'equality' term of the celebrated triad of 1789 – liberty, fraternity, equality – similarly referred not simply to material equality but also to status equality.

A concern for status equality is thus central to both the socialist and liberal traditions. It is also a central part of our culture, part of the way that people evaluate their lives and their environment. People make judgments about the quality of their relationships which are independent of how well those relationships distribute material goods. They make judgments about whether or not those relationships degrade, marginalize or discount their needs and interests.

We should criticize those who look only to the economic consequences of institutions, rather than to their internal relations and to the treatment of the individuals involved in them. Many contemporary egalitarian theorists (including most welfare economists) still fail to note that people often have preferences for relationships

and institutions which are *direct*, that is, that people prefer certain institutions and relationships not simply for their independent, external consequences, but because they are fulfilling, reciprocal, and sources of self-realization and self-respect. To focus *only* on an institution's economic consequences is to elevate the importance of material goods over persons; equality's moral bite and appeal is lost when we lose sight of what we want equality *for*.

I do not believe that people should (or will) find attractive a model of socialism which disconnects the distribution of goods from the quality and equality of their social relationships. Models of socialism should focus not only on the distribution of material goods and opportunities, but also on the relationships between people and between people and institutions. Socialists should oppose relationships based on exclusion, marginalization, dependency, and unaccountable and asymmetric power. In addition, relationships based on status equality realize important moral goods which socialists should want: reciprocity, self-respect, autonomy and accountability. Such goods are part of the ideal of a democratic politics in which people deliberate and make choices as free and equal citizens. Why, then, should these relationships be confined to the political process alone when so much asymmetric power, marginalization and degradation occurs in society's other fundamental institutions and social practices?

2 Status Equality and John Roemer's Model of Managerial Market Socialism

The 'central innovation' of John Roemer's model of market socialism is to simulate the powerful incentive and informational mechanisms of markets in the context of restrictions on the ownership and transferability of shares of stock. In Roemer's system, the price of labor, capital and consumer goods is determined by competitive markets, as in a capitalist system. But shares (or equity) in firms and enterprises can be purchased only with coupons and not with cash. As every adult will receive the same quantity of coupons and cannot transfer them to others, the effect will be to equalize the distribution of profits. This equalization is postulated to have several positive social effects: the diminishment of public bads such as pollution and war; the equalization of the opportunities for political influence; and the raising of the level of well-being of the worst off members of society.

This socialist stock market leaves a great deal of existing inequalities intact, since it does not address either disparities in wage earnings or

the unequal division of labor within the family. Roemer proposes supplementing his model with social democratic welfare state distribution,¹⁷ a 'massively improved' education system aimed at raising the life chances of the poor,¹⁸ a system of estate taxes,¹⁹ and the need for a constitution which limits the accumulation of private property in productive assets.²⁰ But even if Roemer's capital market and the additional welfare state measures reduce material inequality, they fail to directly redress the systematic status inequalities which constitute capitalist production relations.

Roemer rejects versions of market socialism that feature a greater democratization of workplace relations and worker management, and which yield to people more deliberative control over the economy. In Roemer's model, managers run firms in the interest of maximizing profit. In order to ensure that managers efficiently meet their goals, a consortium of firms and banks, modeled after the Japanese *keiretsu*, monitors their behavior. Groups of firms are organized around a small number of main banks who are responsible for monitoring them and disciplining the behavior of their managers through the control of debt-financing.

From the perspective of status equality, this proposal has several main defects. First, it concentrates a large amount of power in the hands of banks. As Roemer himself asks, 'Who . . . would monitor the monitors?'²¹ Concentrations of power enhance the possibilities of, and incentives for, corruption and the manipulation of information. Secondly, the proposal provides no mechanism for workers' own monitoring of managers who harass, demean and arbitrarily threaten them. Thirdly, it provides no mechanism of input for workers who want their workplaces to pursue other goals besides that of maximizing profit, such as environmental preservation, gender and racial justice, occupational safety, or the reform of the work process.²² Finally, the asymmetric power of managers, bankers, and workers helps to sustain a culture in which powerful and powerless regard each other with growing fear and contempt.²³

Why does Roemer reject workplace democratization? *A Future for Socialism* gives two main reasons.

1. Managerial market socialism is preferable to worker management socialism in that it proposes fewer departures from the status quo. As Roemer puts it, 'an organism with one mutation is more likely to survive than one in which two mutations occur simultaneously'.²⁴ A proposal which endorses fewer changes is likely to be more stable (and more acceptable) than a less modest proposal.

2. Labor-managed firms may be inefficient. Workers, for example, cannot be expected to lay themselves off by closing down an obsolete plant which they own. More critically, their adversity to risk may lead them to view innovation with suspicion; they may therefore adopt policies which lead to lower levels of productivity.

How serious are these criticisms? The first argument, I believe, stems from an inappropriate analogy between consciously formulated social changes and the random mutations which occur in biology. It is true, as Roemer states, that organisms with a small number of mutations are more likely to survive than those with many mutations. But that is because in the biological case, mutations are largely random and generally harmful to the organism. In the case of sociological 'organisms' such as Roemer's managerial market socialism, we are not dealing with randomly introduced changes but changes designed to bring about some beneficial effect. In such cases, the achievement of that effect will often require altering other parts of the social structure as well.

Consider the following example. The adoption of no-fault divorce laws was designed to introduce formal equality into divorce. California, along with several other states, directed that marital property be divided equally upon divorce and that financial support following divorce be designed only for a transition period. Yet Lenore Weitzman's study²⁵ concluded that these few and simple reforms have made women worse off, by failing to take into account the long-term economic disadvantages which accrue to women who do not work outside the home during marriage, and by failing to anticipate that, despite the legal preference for joint custody, most women continue to perform the major parenting role. Here, 'one change is better than two' does not work as moral arithmetic. Reforming divorce laws requires a myriad of measures which address the unequal social and economic relationships between men and women.

Roemer's second argument – that worker-managed firms tend to be too conservative toward risk-taking and therefore will tend to underinvest – is sensitive to the background environments in which worker-managed firms are assumed to operate. These background assumptions are crucial because both empirical and theoretical research shows that the behavior of worker-managed firms is highly sensitive to external financing arrangements as well as to internal criteria for firm membership. The worker-managed cooperatives in Mondragon, for example, are forced to compete with other firms for loans.²⁶ These loans are scrutinized by other cooperatives (each of

which has shares in the others) which help to determine the conditions under which their assets are used. Such 'outside' financing constraints can help mitigate the tendencies of worker-managed firms to take a conservative attitude toward risk and hence toward innovation. But the 'outside' control exercised by worker-creditors is quite different from the type of hierarchical, managerial control that characterizes Roemer's model. In Mondragon, workers engage in mutual monitoring (a move which may increase their efficiency²⁷), participate in the running of their cooperative, and receive shares in the profits that their cooperative produces. They, and not bank boards and corporate elites far from the scene of production, elect their managers and can dismiss managers who abuse, degrade and exploit them, as well as managers who are technically incompetent.

Empirically, the claim that hierarchical firms will necessarily outperform labor-managed firms has yet to be seriously tested. In capitalist economies, workers who wish to run their own firms face serious obstacles. Most importantly, workers are asset poor. They are therefore unable to secure bank loans on terms comparable to wealthy capitalist owners and more likely to be conservative toward risk since their assets are not diversified. But even if the empirical claim should be substantiated and labor-managed firms turned out to be somewhat less productive than capitalist ones, why should that fact be decisive against labor-management? There are other values besides maximal productive efficiency. Indeed, capitalist firms already allow non-market values to shape workplace organization. Even in poor countries, where pressure on raising the standards of labor productivity is greatest, commonsense morality and decency should condemn certain types of labor organization. Indentured servitude, the violation of workers' basic interests in health and safety, sexual and racial discrimination, harassment, and forms of work which diminish human capacities and lifespans are rightly rejected and condemned, even where such practices would increase productive efficiency. Why should we think that productive efficiency, even when we can tack on to it redistributive material equality, is the *sole* virtue of an economic arrangement?²⁸

Apart from the values of mutuality, democratic accountability and greater autonomy, worker-management also provides room for the values of occupational safety, environmental conservation and sexual and racial equality to play a role in the organization of the production process. At a time when women and minorities still disproportionately occupy the least well paid and least prestigious jobs, worker-management is attractive to socialists insofar as it allows

for democratic debate on the restructuring of work tasks, and allows for the possibility of restructuring leave time to redress the gender inequalities which result from women's unequal work in the home.²⁹

Furthermore, worker-management may help to minimize the opportunities for managerial abuse. We have seen that Roemer's managerial model of market socialism raises the worry: who guards the guardians? This is a significant concern in a system in which financing and management selection rests in the hands of the banks and experts, and in which workers and citizens participate in economic decision making largely as atomized and self-interested owners of coupons.

Perhaps most significantly, Roemer's model of managerial socialism runs the risk of heightening the pathologies of individual choice which emerge in large impersonal markets where each individual's contribution to the collective good is indirect and numerically insignificant. In particular, what prevents individuals from directing their coupons to investments which promise high-risk, high-yield returns even when such investments are dubious from the point of view of social production?³⁰ Why should we believe that atomized and dispersed coupon holders will achieve an optimal outcome on environmental issues? What, in short, prevents individuals in the socialist stock market from behaving in the familiar short-term, selfish ways which already generate collective action problems and exacerbate public bads?

One answer to these problems is to try to increase what biologists refer to as the 'degree of community' or relatedness among individuals. Biologists and game theorists³¹ have found that when the degree of community of a group is enhanced, the group's ability to cooperate and to reach collectively beneficial outcomes also increases. The degree of community is affected by (1) the extent of shared beliefs and preferences among individuals; (2) the expectation that individuals will continue to interact with one another in the future (that membership in the group is more or less fixed and that interactions are repeated); (3) the respective rewards for cooperation and defection; and (4) the extent to which individuals engage in face-to-face direct relations with one another.

The equalization of wealth, by making the population more homogeneous, is one way in which Roemer's proposal does increase the degree of community. But he relies heavily on markets to do this whereas each of the above factors is affected by the operation of markets. By fostering short-lived and indirect relations between strangers, characterized by the possibility of exit, markets can change

the costs and benefits associated with cooperation. The ability of individuals to secure goods independently of others erodes incentives to participate in efforts to improve a common life. (Consider the collapse of public education in the United States.) Atomized decisions motivated by narrow and short-term interests can give market outcomes a volatility which will disrupt the provision of many social and political goods.

Of course, not all forms of 'cooperative' behavior are good, for example, cartelization. And 'exit' is one important way of exercising freedom. But in order to encourage individuals to have a sense of the common good, markets need to be embedded in a larger social order which encourages norms of reciprocity among equals, sharing and participation. Creating this larger order requires, I believe, the reorganization of production relationships, making managers democratically accountable to their workers, and encouraging mutual monitoring and the decentralization of certain economic decisions.³² Reforms of gender and race relations, and changes in our treatment of children and those with disabilities, are also part of creating a more humane and egalitarian society. How can we expect people who are harassed, rendered passive, discounted, and subordinated to processes and people that they cannot control to develop a sense of the common good?

3 The Relationship between Status Equality and Material Equality

Material equality can affect status equality in several ways. Status equality is conditioned, although not determined, by material equality. As I have noted, where there is greater economic equality, it is easier for people to 'exit' from oppressive and degraded relationships. Equalization of material resources also gives to people a greater opportunity to represent their interests and to bargain effectively, thus allowing them to attempt to transform oppressive and degraded relationships. It makes it less likely that some particular person or persons will have the power to control processes of public deliberation (where such processes exist). A high degree of material equality is, arguably, a precondition for a democratic society.

Material equality is also a way of acknowledging the status equality of persons.³³ For example, consider Rawls's difference principle, which justifies inequalities in income and wealth only insofar as they improve the position of the least advantaged. This principle forces us

to *justify* material inequalities to the least advantaged person, because it assumes her initial interest in an equal share in society's wealth. The baseline for Rawls's difference principle (against which inequalities are to be justified) is absolute equality in the distribution of primary goods because this is assumed to follow from the equal worth of persons and from an acknowledgement of their fundamental (and equal) interests.

Conversely, it is plausible to assume that status equality will render material equality more likely. The incorporation of people into social institutions on terms of equal respect allows for the interests of each to be equally counted. Where people's interests are equally counted, we can expect that relationships based on personal subordination will be less stable.³⁴ Moreover, status equality can change people's sense of what their fundamental interests are and what they are entitled to. For example, the growing acknowledgment of the injustice of status inequality based on gender has spawned movements for comparable worth and pay equity.

There is an additional potential effect of status equality on material equality which directly bears on Roemer's version of market socialism. In his book, Roemer focuses on changing the unequal distribution of profits; his model does not attempt to reduce wage differentials. He writes, 'Indeed, the key to the market-socialist proposals outlined in this essay is the fundamental asymmetry between wages and profits as categories of national income: while considerations of efficiency pretty much determine the distribution of wages among workers, they do not determine the distribution of profits.'³⁵ Roemer does not provide evidence for this assertion, but neoclassical economics has many arguments designed to show that wages are determined by the efficiency of the marginal worker. Such theoretical explanations of wage differentials ignore the role of politics, culture and norms in shaping wages. In the real world, compensation is determined not only by efficiency but also by unionization levels, racism and sexism, incomplete information, monopolistic power and unequal political influence. The vast differentials in the wages of American and Japanese CEOs, or American and British physicians, cannot be explained without taking into consideration the effects of both institutions and values.³⁶ If this is right, then there is a degree of flexibility in the determination of wages. Giving workers more control over their managers and executives might thus lead to a compression of wage differentials. Status equality might lead workers and managers to adopt norms which rule out large inequalities in material income.³⁷

Status equality and material equality may thus mutually and

beneficially support each other. Both, I believe, are moral imperatives. But it would be a mistake to conflate these two kinds of equality, or to think that one kind of equality reduces to the other kind. While distributing certain material goods more equally will improve the bargaining position of the poorest, it will not by itself end either domination or marginalization. I have argued elsewhere that the cases of commercial surrogacy³⁸ and prostitution³⁹ provide us with powerful examples where improving the economic equality of women might actually worsen the gender (status) inequality of women. In allowing women to 'capitalize' on their reproductive and sexual 'assets', the economic position of women may be improved: prostitution and commercial surrogacy open up new market opportunities for women. At the same time, both practices have the potential to reinforce sexist assumptions about women and to place women's sexual and reproductive capacities under the control of others. Prostitution and surrogacy, like pornography, influence people's preferences and perceptions; in particular, these practices shape men's perceptions of women and women's perceptions of themselves. Negative perceptions of women's worth can reinforce features of the caste-like system which now defines relationships between the two genders. For example, they can reinforce views about women as essentially providers of sex and childcare.

If the problem with practices like pornography, prostitution and commercial surrogacy is that they reinforce *unequal relationships* between men and women, then giving women more money to engage in these practices does not redress the problem. Instead, encouraging such practices can potentially undermine equality between men and women, by fostering relations of domination, marginalization and status hierarchy,⁴⁰ and attitudes of superiority and contempt.

How might gender equality be achieved? Surely, pay equity is one component of gender equality, establishing the equal worth of men and women workers. A further component would include positive measures to establish and protect a women's right to control her sexual and reproductive capacities and not to give over control of these capacities to others, for example, through access to abortion, contraception and sex education and establishing a minimum age of consent. Additional measures might include the public provision of childcare, and the availability of parental leave regardless of gender.

From the perspective of status equality, there is no justification for drawing a sharp distinction between the principles which govern 'public' political relations between people and those which govern their 'private' relations in schools, workplaces and families. Both the

realm of the economy and that of the family have crucial constitutive effects on people and powerfully shape their life chances, their conceptions of themselves and of their interests, their quality of life, their sense of worth, and their ability to participate actively in shaping their own lives and circumstances.⁴¹ It is an important theme in some strands of American republicanism, such as Jeffersonianism, as well as some strands of socialist thought, that dependent people make poor citizens.⁴² The contemporary workplace, the economy and the family all involve people in relationships of dependence and subordination, in which they are often beholden to others who, in turn, are unaccountable to them. Models of socialism need to be assessed not only in terms of their motivational realism and their potential for achieving greater economic equality, but also for the kinds of relationships they sponsor.

4 Conclusion

In this paper, I have sought to establish two principal points. First, I have argued that Roemer's model of managerial market socialism provides insufficient scope for certain important forms of redistribution. By focussing narrowly on the distribution of material income (and, indeed, only on the distribution of material income derived from profits), Roemer's model ignores the necessity of redressing the unequal relationships which characterize many of the most important social institutions in our society. I believe that models of market socialism which explicitly address these unequal relationships as well as inequalities in material income, should be preferred to the model offered in *A Future for Socialism*. This conclusion, I have argued, is supported by the powerful influence of status inequality on people's sense of self-respect, on their autonomy, and on their ability to freely participate in deliberations about the public good. (It may be supported by efficiency considerations as well, although I do not pretend to have established that conclusion in this paper.)

Secondly, I have argued that Roemer's model needs to pay more explicit attention to the non-market institutions and values which are required to stabilize the socialist stock market and guide it to beneficial outcomes. The guardians need to be guarded: there must be institutions of accountability and public control over the behavior of banks, managers and technical experts.⁴³ We cannot rely on the behavior of atomized and self-interested coupon holders to realize the common good: there are too many externalities and too many

incentives to manipulate information or to seek a free ride. Even from within Roemer's own model, status equality has a role to play.

Despite these criticisms, I want to acknowledge that Roemer's book revitalizes an important debate and does so with both analytical rigor and imagination. His work highlights the importance of reconciling a more egalitarian distribution of income with dynamic market efficiency. *A Future for Socialism* also rightly emphasizes the need to avoid utopian assumptions about human nature and motivation. My aim here has been to bring into sharper relief a kind of equality, absent from many contemporary egalitarian proposals and, in particular, neglected in Roemer's model, which I think is important to the socialist ideal. Socialism has never been simply about redistributing income; a large part of socialist aspiration has centered around the need to design institutions and relationships which foster independence, self-respect and dignity, and which give people a greater degree of control over their lives and circumstances. That is one reason why conceptions of the goal of socialism have been so intertwined with those of the process of its achievement, and why so many socialists have rejected managerial or elite conceptions of political organizing.⁴⁴

My view of status equality as central to socialism's ambitions raises a number of broad questions which I think should rank high on the agenda of anyone concerned with achieving greater distributive justice. Among these questions are the following.

1. How do we institutionalize forms of firm-based worker management in an age of extreme labor mobility, the disintegration of the traditional 'proletariat', and heterogeneity of interests?⁴⁵
2. What kind of work and family relations best support the development of the deliberative capacities needed to support democratic institutions?
3. What limits does liberty set to the restructuring of social and economic relationships?

I cannot address these questions here. But I believe that a concern with the central status inequalities between people should guide our efforts to reform society and to theorize alternative models of markets and politics. We need never to lose sight of what we want equality for.

Notes

1. This paper is a revised version of comments prepared for the conference on 'A Future for Socialism'. While revising this paper, I have benefited from reading a fine essay by Elizabeth Anderson, 'Equality and Market Socialism' (forthcoming in Justin Schwartz, ed., *Socialism and the Market*, New York: Guilford Press) which converges with the critical perspective on managerial socialism I take here. Anderson counterposes a concept she calls relational equality to distributional equality. By contrast, the concept of status equality which I defend here is a distributional one. (I discuss my views of the relationship between status inequality and material inequality in the third part of this paper.) I have also benefited from discussion of the issues with John Ferejohn, Elisabeth Wood and the participants in the original conference.
2. Cf. G.A. Cohen, 'Marxism and Contemporary Political Philosophy, or: Why Nozick Exercises Some Marxists More Than He Does Any Egalitarian Liberal', *Canadian Journal of Philosophy*, Supplementary Volume 16 (1990), pp. 363-67.
3. See also Anderson, *Equality and Market Socialism*, on this point.
4. John E. Roemer, *A Future for Socialism*, Cambridge, MA: Harvard University Press 1994, p. 11.
5. Michael Walzer, *Spheres of Justice*, New York, Basic Books 1983, p. 102.
6. Where this phrase is taken to include the opportunity for material benefits.
7. Although J. Rawls is clearly concerned with more than material equality - i.e. the first principle of justice in *A Theory of Justice*, Cambridge, MA: Harvard University Press, distributes liberties between people - I think that he fails to explore adequately the implications of his view for the status relationships of individuals outside their formal juridical relationships. Thus, he says little about the structure of the family and the workplace. And although he frequently refers to the 'social bases of self respect' as a primary good to be distributed in accordance with the difference principle (indeed, the most important primary good), he does not consider the implications of its distribution for the actual social relationships between people. The 'social bases of respect' appears most centrally and explicitly in the third part of *A Theory of Justice* in the section on 'Ends' and has a lesser role in the second part of the book on 'Institutions'.
8. See also my review of Roemer's book *Free to Lose* (Cambridge, MA: Harvard University Press 1988) in *Economics and Philosophy*, vol. 6, no. 2, October 1990, pp. 315-22.
9. Nor have the groups denied equal status always been materially poor: the Jews of medieval Europe were often wealthy, but were still denied equal treatment and respect in their society's basic institutions.
10. See Orlando Patterson, *Slavery and Social Death*, Cambridge, MA: Harvard University Press 1982.
11. Cf. 'The Critique of the Gotha Program', in R. Tucker, ed., *The Marx-Engels Reader*, 2nd edn, New York: Norton 1978, pp. 530 ff.
12. A. Wood, 'Marx on Right and Justice', *Philosophy and Public Affairs* 8 (1979) p. 281.
13. Karl Marx, quoted in ed. R. Tucker, *The Marx-Engels Reader*, 2nd edn, New York: Norton 1978, p. 343.
14. Cf. Louis Putterman, 'On Some Recent Explanations on Why Capital Hires Labor', *Economic Inquiry* 22 (April 1984), pp. 171-87.
15. Recall that in *Capital* Volume 1 Marx writes that the existence of surplus value 'is a piece of good luck for the buyer, but by no means an injustice towards the seller'.
16. See, for example, John Stuart Mill, *Principles of Political Economy*, Harmondsworth: Penguin 1970, especially book IV, ch. VII.
17. Roemer, p. 119.
18. *Ibid.*, p. 110.
19. *Ibid.*, p. 119.

20. *Ibid.*, p. 110.
21. *Ibid.*, p. 76.
22. See also Anderson.
23. For a funny and heartbreaking account of the culture of the hierarchical workplace, see Ben Hamper, *Rivthead: Tales From the Assembly Line*, New York, NY: Warner Books 1991.
24. Roemer, p. 122.
25. Lenore Weitzman, *The Divorce Revolution: The Unexpected Social and Economic Consequences for Women and Children in America*, New York: Free Press 1985.
26. Cf. Ana Gutierrez Johnson and William Foote Whyte, 'The Mondragon System of Worker Production Cooperatives', *Industrial and Labor Relations Review*, 1977.
27. Cf. Sam Bowles and Herb Gintis, 'A Political and Economic Case for the Democratic Enterprise', *Economics and Philosophy*, vol. 9, no. 1 (April 1993), pp. 75-100.
28. This is not to deny the need for, and value of, dynamic efficiency. Roemer is right to argue that the material equality that socialists want is not 'levelling-down' but equality at a high level of provision. I am not convinced, however, that worker-managed firms will be unable to successfully pursue profit goals, nor do I believe that these are the only goals that they should pursue.
29. I say 'possibility' here, fully aware that some workers oppose the sexual and racial desegregation of their workplaces.
30. As Bill Simon notes, in his contribution to this volume (ch. 2), managers would have incentives to package their firms' investment returns to manipulate (and probably to shorten) the time preferences of the investors, a move which could inflate the value of coupons for the next generation.
31. Cf. Michael Taylor and Sarah Singleton, 'The Communal Resource: Transaction Costs and the Solution', (unpubl. MS, May 1992); Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action*, Cambridge, MA: Cambridge University Press 1990; Sam Bowles, 'Mandeville's Mistake: The Myth of the Self-Regulating Market' (unpubl. MS).
32. Exactly *which* economic decisions should be handled by the workers of an individual firm is an important and difficult question which I do not address here.
33. While I am very sympathetic to the analysis of 'relational equality' that Elizabeth Anderson presents in her paper, 'Equality and Market Socialism', I disagree with her that the liberal concern with distributive equality is a form of commodity fetishism. Distributive equality in income and wealth can be a form of equal respect, in addition to serving as the precondition for a political democracy.
34. Cf. Peter Railton, 'Moral Realism', *Philosophical Review* 95 (1986), pp. 183-207 for an elaboration of this point. Railton does not acknowledge, however, the collective action problems which can emerge even where individuals have the power and opportunity to bring about some desired and beneficial end.
35. Roemer, p. 120.
36. See Derek Bok, *The Cost of Talent*, New York: Free Press 1993.
37. It is also possible that worker-management will increase efficiency, since workers may be more likely to work where they believe that the authority exercised over them is legitimate, and also where mutual monitoring, and not hierarchical and centralized supervision of tasks, prevails.
38. Debra Satz, 'Markets in Women's Reproductive Labor', *Philosophy and Public Affairs*, Spring 1992, pp. 107-31.
39. Debra Satz, 'Markets in Women's Sexual Labor', unpubl. MS.
40. I make this claim only with reference to prostitution and commercial surrogacy in contemporary American society under prevailing social conditions. It is not a claim about these practices per se. See Satz, 1992. *op. cit.*
41. Cf. Susan Okin, *Justice, Gender and the Family*, New York: Basic Books 1989, for an illuminating discussion of the ways in which inequalities between men and women in the home shape, and are shaped by, broader social inequalities.

42. Cf. Hal Draper, *The Two Souls of Socialism*, New York: Independent Socialist Clubs of America 1966, for a vision of socialism which emphasizes the need to change the relationships between people as well as the distribution of things between them.
43. The *keiretsu* variation of Roemer's model allows for a greater degree of accountability than the pure market model.
44. Eugene Debs once remarked, 'Don't vote for me because you think that I will lead you to the promised land. Because if I could lead you there, someone else could lead you out.'
45. See the Joshua Cohen and Joel Rogers contribution in this volume (chapter 6) for scepticism about workplace democracy in an age of labor mobility.