

Complex Egalitarianism:
a review of Alex Callinicos, *Equality*

Erik Olin Wright and Harry Brighouse

March 2001

Alex Callinicos's *Equality*¹, is an engaging and thoughtful book on the problem of economic equality and inequality. It deals principally with five main clusters of issues:

1. *The empirical facts of the matter*: how have patterns of inequality changed in recent decades and what best explains these changes?
2. *The way the Left has traditionally thought about equality*: how have both revolutionary Marxists and social democrats traditionally understood the problem of equality?
3. *Philosophical issues in thinking about equality*: in what sense can one say equality is an ideal of social justice? Why should the Left be morally committed to some kind of egalitarianism? And what sort of egalitarianism should the Left defend?
4. *The Politics of equality today*: How have left-of-center political parties, especially “New Labour” under Tony Blair, recast the problem of equality as an ideal? How do their policies bear on the prospects for advancing an egalitarian project?
5. *The prospects for a renewed, radical egalitarian politics*: What sort of politics is needed if the Left is, once again, to take the project of radical egalitarianism seriously?

On each of these topics Callinicos has interesting and important things to say. In what follows we will briefly review his central arguments for each of these topics and then discuss a number of ways in which we feel there are gaps in the argument or places where it needs reformulation. We do this not in the spirit of attacking the central thrust of Callinicos's analyses, but of pushing them forward.

¹ Alex Callinicos, *Equality* (Cambridge: Polity Press, 2000)

1. *The Facts of the matter*

The first chapter of *Equality* documents two principle claims: First, in spite of the extraordinary economic growth that the world has witnessed in the past half century, poverty remains a desperate reality for masses of people, both in the world as a whole and even in the rich countries; and second, inequality has grown sharply in recent years, again both in terms of the gap between rich and poor countries and the degree of economic inequality within the developed countries themselves. To establish these points Callinicos relies on a wide range of sources, many from conservative scholars and official government reports. What he shows convincingly is that the simple image of a new golden age of prosperity and expansive opportunity does not fit the facts.

While the massive growth of inequality in the period from the early 1970s until the late 1990s is unquestionable in the United States, the UK, and a number of other countries, there are a number of features of the changes in income distribution and economic structure in this period that make the story somewhat more complex than that presented by Callinicos:

(1). If measured in direct, material terms of what people actually consume (rather than in terms of earnings) the actual standards of living of the poor have improved over this period even in the United States, the country within which inequality has grown the most. If you take virtually any list of consumer durables – refrigerators, TVs, cars, indoor toilets, air conditioners, etc. – the percentage of people in the bottom 20% of the income distribution who own these things has increased significantly over the past thirty years. The number of square feet of living space per person among poor people has increased. Life expectancy has increased at the bottom of the income distribution as well as the top. Furthermore, if one measures per capita income in

households (rather than individual wages or even per household income), per capita income has risen significantly even at the bottom of the income distribution since family size has declined. None of this implies that the massive increase in inequality was a necessary condition for these improvements in life at the bottom, and it certainly does not imply that the increase in inequality is morally acceptable. But it is important to recognize that the kind of economic development that has occurred in the last three decades of the 20th century brought with it material improvement in standards of living that went fairly deeply into the population.

(2). In terms of changes in patterns of income inequality, while overall inequality has grown sharply since the early 1970s, one salient dimension of inequality has declined: the “gender gap” in earnings has significantly declined in the United States and elsewhere. Gender segregation of jobs has also declined, including gender jobs in higher level managerial positions. While there continues to be a “gender gap” in authority, at least in the United States there is fairly weak evidence that a real glass ceiling continues to exist.² At least with respect to gender, one particular (if limited)

² The idea of “the glass ceiling” is a slippery one. If it simply means that it is more difficult for women than for men to reach top levels of organizational hierarchies, then a gendered glass ceiling certainly continues to exist in the United States and elsewhere. But if by glass ceiling we mean a system of obstacles to vertical promotion which *increase in intensity* as one moves up hierarchies – and therefore, a system in which the difference in the probability of a woman relative to a man being promoted from one level to the next increases with level – then in the US there is little evidence for a strong glass ceiling. For an extended discussion of these issues see Erik Olin Wright and Janeen Baxter, “Testing the Glass Ceiling Hypothesis: a comparative study of Sweden, The United States, Norway and Australia”, *Gender & Society*, 2000. For a debate over the arguments of this paper, see Dana M. Britton and Christine L. Williams, “Response to Baxter and Wright,” *Gender and Society* 14 (6) December 2000: 804-808; Myra Marx Ferree and Bandana Purkayastha, “Equality and Cumulative Disadvantage: Response to Baxter and Wright,” *Gender and Society* 14 (6) December 2000: : 809-813; Erik Olin Wright and Janeen Baxter, “The Glass Ceiling Hypothesis: A Reply to Critics,” *Gender and Society* 14 (6) December 2000: 814-821.

form of the “equality of opportunity” principle – thin meritocracy – is closer to being realized today than three decades ago.³

(3). Beyond the question of the distribution of income and earnings, the transformations of the structure of inequality of types of jobs in the employment structure is also more complex than a simple increasing inequality thesis would suggest. One popular image is that the large expansion of employment in the United States since the early 1990s has been characterized by the destruction of well paying skilled job categories and the expansion of badly paid service sector jobs. The iconic image is of the reduction of employment in the steel and auto-industries and the expansion of fast food employment.

If we look in detail at the changes in the job structure since 1990, this image simply doesn't hold. Let us define the job structure as follows: take a fairly fine-grained *occupational* classification scheme with about 100 categories in it and an *economic sector* classification with about 20 categories. An occupational variable at this level of refinement includes categories like “registered nurses,” “machinists,” and “truck drivers,” rather than simply broad aggregations like health-care semi-professionals, skilled machine operators, and transportation equipment operators. Sectors include such things as durable manufacturing, wholesale trade, and educational

³ By “thin meritocracy” we mean a system of allocation of people into positions which, *at the time of allocation*, distributes people on the basis of merit. Thin meritocracy is consistent with all sorts of disadvantages people face in gaining the qualifications for the jobs in question. *Thick*, meritocracy, in contrast, implies that the only disadvantages people face in acquiring the qualifications for positions are disadvantages due to natural talents. Both thin and thick meritocracy do not question the degree of inequality in rewards incumbent upon allocation of people to positions; the only issue is the fairness of the allocation procedures. Both of these, therefore, are to be contrasted with what might be termed “deep equality of opportunity” in which the degree of inequality of the rewards attached to positions (jobs) are themselves questioned since deep equality of opportunity seeks to neutralize the effects of inequalities of natural talents.

services. Let us define a job-type as the cells in this large 100 x 20 occupation by sector matrix. In this matrix, therefore, there are potentially about 2000 different job-types. Using a very large national labor force sample in the United States of hundreds of thousands of people, we can then rank order these job-types from the type with the highest median earnings to the job-type with the lowest median earnings. Using this rank ordering, we can then group these rank-ordered categories into deciles (i.e. into ten clusters which have equal employment at the beginning of the job expansion) and then examine the distribution of the net job expansion during the long period of economic growth of the 1990s. The results are presented in Figure 1⁴.

What these results indicate is that there is indeed a process of polarization in the job structure – the best and worst deciles of the job structure contribute the most to the total job expansion – but also that overall the job expansion is more concentrated in the top three deciles of the employment structure (which collectively account for nearly half of the net expansion of jobs) than in the bottom deciles. What we have, then, is a picture that is more complex than a simple increase in inequality in the job structure: it is an increase in job inequality weighted at the top, not the bottom of the employment structure.

Taking these three general observations together poses a more complex world for the radical egalitarian critique of contemporary developments than is suggested by Callinicos's portrait of deepening inequality and poverty. If all that was happening was that inequality was

⁴ A fuller discussion of these results, using a somewhat less refined occupational variable, can be found in Erik Olin Wright and Rachel Dwyer, "The American Jobs Machine: patterns of job growth in the 1960s and the 1990s" *Boston Review*, December 2000. That paper also includes an analysis of racial and gender patterns in the job expansion, part time workers, and a comparison with the expansion of the 1960s.

deepening and polarization sharply increasing, then it would, perhaps, be easier to mobilize popular forces behind a challenge to the policies and practices which are producing these trends. The fact that inequality is deepening along with 1) a fairly broad-based increase in material standards of living of most people, including a significant segment of the people in the bottom deciles of the earnings distribution, 2) declines in gender inequality, and 3) a change in the job structure characterization by polarization plus substantial expansion of employment opportunities in the top third of the employment structure, makes such mobilization more difficult. These features of the transformation of economic conditions are not illusions, and they must be taken into consideration in our thinking about the egalitarian project.

2. The Left and the problem of equality.

Callinicos takes seriously the criticism of traditional Marxism that it has rejected normative political theory, and that this has been to its detriment. He agrees with Norman Geras, and others, that Marx operated with a theory of justice although, because he had mistaken meta-ethical views, he did not believe that he had (or should have) a theory of justice. Marxists, and other intellectually responsible socialists must, according to Callinicos, develop a theory of justice, and the best place to start thinking about this is by attending to the work of contemporary egalitarian liberals. A central aim of the book is to demonstrate what can be learned from that source.

Most of what Callinicos has to say about the egalitarian liberal tradition is, in our view appropriately, positive. But there is one criticism of the liberal tradition he makes early in the book which we feel is problematic. Callinicos argues that the liberal tradition “has tended to treat

equality and freedom as necessarily in conflict with one another”⁵, and egalitarian liberals have upheld this assumption as a background to their thinking. Against this assumption, Callinicos argues that revolutionaries should endorse the idea embodied in Balibar’s expression “*egaliberté*”. At its core, this idea affirms the thesis that liberty and equality are fundamentally two sides of the same coin, or in Balibar’s words, “that their *extensions* are necessarily identical. To put it plainly, that the *situations* in which each is present or absent are necessarily the same.”⁶ These arguments suggest that Callinicos believes that the functional relation between equality and liberty takes the linear form portrayed in Figure 2A. We believe that Callinicos is incorrect both in his understanding of the linkage between liberty and equality in the liberal tradition and, more importantly, in his characterization of the functional connection between these two dimensions.

Concerning the traditional liberal assumption that liberty and equality are in conflict, Callinicos makes a common and instructive error in his interpretation of Rawls’s treatment of the relationship between “equality” and “liberty”. Rawls formulates this problem in terms of two principles, which he calls the “Liberty Principle” and “the Second Principle of Justice”. The key issue here is Rawls’s assertion of the priority of the Liberty Principle over the Second Principle of justice. The Second Principle of justice is Rawls’s idea that justice requires “fair equality of opportunity” and further that only inequalities which can be shown to benefit the least well off are acceptable (the famous “maximin difference principle”). The Liberty Principle argues that basic liberties must be equally distributed to all. The claim about the “absolute priority” of the liberty

⁵ Callinicos, *Equality*, p.23

⁶ Quoted in Callinicos, p.22.

principle thus means that in Rawls's theory, measures taken to ensure fair equality of opportunity, and to implement the requirement that inequalities be arranged to the benefit of the least advantaged must not conflict with the equal basic liberties. Callinicos interprets this as reproducing 'the traditional liberal belief in a conflict between individual freedom and social equality, and [opting] for the former'⁷.

This is a mistaken interpretation of the implications of Rawls's position. The priority of the Liberty Principle over the Second Principle does not represent a preference for liberty over equality when there are trade-offs. The Second principle stipulates conditions under which inequalities are acceptable: that they are arranged to the benefit of the least advantaged. The priority of the Liberty principle does indeed limit what may be done to promote equality: nothing may be done that violates the basic liberties. But more significantly, it profoundly constrains *inequality*. Acting alone, there is no principled limit to the degree of inequality the difference principle would allow. If making some people fabulously wealthy could be shown to benefit the worst off in society, then by itself the second principle of justice would say that such inequalities were justified. The priority of the liberty principle blocks this possibility, since it ensures that no inequalities are permitted if they would threaten the security of the basic liberties. This stricture is even more egalitarian than might at first appear because, as Callinicos notes, Rawls accords 'fair value' to the political liberties and, as he does not note, this measure is now included in the Liberty Principle in the canonical statement of the two principles. Because fair value means something close to 'equal value' and because substantial inequalities of income and wealth are

⁷ Callinicos, p.48

incompatible with political equality as Rawls understands it, the priority of the Liberty Principle is, in most scenarios, a materially egalitarian aspect of the theory of justice.⁸

This understanding of Rawls depends, of course, on the fact that the equal basic liberties exclude the strong right to private property asserted by, for example, libertarians like Nozick. This is fine, because the equal basic liberties do not, for Rawls, include that right or anything like it, and for good reasons.

Now let us return to the general issue of the possible conflict between equality and liberty. If one had to choose one or the other of these theses – that liberty and equality are always in conflict, or that liberty and equality can only be extended together – then we would agree that there is more truth in the latter than in the former (as, it appears to us, would Rawls). In most historical circumstances, struggles for equality enhance the scope of human freedom. But the simple formula proposed by Balibar under the expression *egaliberté* is also unsatisfactory, for there are many aspects of the problem of “liberty” and it is misleading to imagine that in every respect the egalitarian project is equivalent to an enhancement of all aspects of liberty. Indeed to stipulate, as Balibar appears to do, that there are no trade-offs is to evade, not to resolve, one of the central questions in both political theory and revolutionary practice.⁹

Of course, how the relationship and possible trade-offs between equality and liberty are to be understood depends significantly on how both equality and liberty are defined. Let us take

⁸ For an elaboration of this argument see Harry Brighouse, "Political Equality in Justice as Fairness," *Philosophical Studies*, vol 86, no. 2, May 1997, pp. 155-184.

⁹ For an elegant discussion of the trade-offs see Adam Swift, *Liberty, Equality, Community: an Introduction for Undergraduates and Prime Ministers* (Polity, forthcoming).

equality to mean a deep form of *equality of opportunity* as Callinicos does in chapter 3 of his book: equality means that to the greatest degree possible, all people have an equal opportunity to live the kinds of lives they wish to live. Callinicos gives less attention to what liberty might mean. Of course if we simply define it as the opportunity to live the kind of life people want, then we have collapsed liberty and equality into the same definition. Let us define liberty as being able to lead one's life *without interference from an external authority*, most notably the state. One has more liberty to the extent that one is able to make one's own choices and act on them without interference. One has less liberty to the extent that one is told what to do and what not to do.¹⁰

Now with these definitions it is certainly the case that, starting from very low levels of equality – i.e. a situation in which there is a very uneven distribution of opportunities for people to lead the lives they wish – increases in equality broadly enhance liberty. Under highly unequal conditions rich people can go into a store and leave with a TV set, whereas if a poor person does this he or she is arrested by the police for theft. The police (i.e. the state) interfere with the choices and behaviors of the poor more than the choices and behavior of the rich: the rich person has freedom to get the TV because of the ways in which property rights are enforced by the state. Increases in equality, then, initially enhance the total amount of freedom in the society as well as the freedom of the average person.

But is this relationship linear? Does this enhancement of liberty go all the way to the full

¹⁰ Notice, this is emphatically not how Rawls conceives of liberty (as it is protected in the liberty principle) at least since the publication of 'The Basic Liberties and Their Priority' (1979: most readily available as Lecture VIII of Political Liberalism (Columbia University Press, 1993)). In that paper he is clear that the Liberty Principle secures not liberty, but particular liberties: the right to freedom of religion, freedoms of conscience, association, expression, the rights to due process and physical and psychological integrity of the person, etc.

realization of the project of radical egalitarianism? Imagine we live in a society with no poverty, with a fairly flat distribution of income, with relatively high levels of equality of opportunity in the relevant sense, but not the full realization of the ideal of equality. Would it necessarily be the case that *further* advances in deep equality of opportunity would have the *net effect* of increasing liberty? Every advance in deep equality of opportunity requires some extension of external interference in the choices and behaviors of *at least some* people. Since people are not pure altruists, at least some people will seek to engage in activities which enhance their advantages and the advantages of their children, and these strategies need to be blocked – interfered with by external authority – if deep equality of opportunity is to be advanced and preserved. And even those who do not engage in such activities will have to have their *freedom* to engage in them restricted.

What if we conceive of liberty differently, in the way that Rawls does in his statement of the liberty principle, as constituted by protection from external interference within a specified range of activities: the rights to freedom of religion, freedoms of conscience, association, expression, the rights to due process and physical and psychological integrity of the person? Again, in a society that has deep inequalities of material condition, many measures to increase equality will have the effect of enhancing liberty: they will make more secure the basic liberties of the worst off without jeopardizing at all those of the better off. But above some threshold of equality, it may be impossible to increase equality without either jeopardizing or at least compromising the basic liberties of some or even, perhaps, of all.

It seems likely, on these conceptions, that in a society that has achieved high levels of equality already, the further advance of equality might well require a net decline in liberty – a

greater increase in the levels of interference in people's lives to block inequalities than is compensated by the increased freedom from interference that comes along with the greater equality. The overall relationship between equality and liberty, therefore, probably looks something like Figure 2B. We suspect that this will be replicated whatever plausible conceptions of liberty and equality are adopted (unless, of course, the definitions of the two are collapsed). At least it is incumbent on Balibar or Callinicos to demonstrate otherwise, having adopted defensible conceptions of the concepts.

3. Philosophical Issues in thinking about equality.

In the latter half of Chapter 3, "Equality and the Philosophers", Callinicos presents an extensive and excellent review of the debate over the currency of equality: what it is that egalitarians want equality of. He reviews the objections made by Dworkin and Rawls to equality of welfare (with welfare most naturally understood as preference satisfaction), which lead them to endorse (different versions of) equality of resources. He then explores, and appears to endorse, the criticisms of equality of resources made, variously, by Richard Arneson, Amartya Sen and G.A. Cohen. There follows an elegant and trenchant argument against the Labour Party's Commission on Social Justice's rejection of critical liberal theory and adoption of popular intuitions about justice, and a critique of David Miller's related attempt to ground a theory of justice in the popular conception of desert.

There are, broadly speaking, two types of answer to the question of what egalitarians believe should be equalized in order to have a just society: resources, and welfare. Resources are conceived of as things external to agents, whereas welfare is conceived of as internal state of

agents: happiness, or satisfaction of preferences. The advantage of resourcist answers is that they (plausibly) hold people accountable for their tastes and for the ways in which they derive satisfaction from the world; whereas welfarist answers capture more accurately what people care about fundamentally, and deal more naturally with the problems concerning agents who, through no fault of their own, are handicapped in converting resources into welfare.

In a measured and thoughtful discussion Callinicos rejects both the main resourcist and the main welfarist answers, and favours two views which fall somewhere in between the resourcist and welfarist answers. Amartya Sen says that we should aim to equalize *capabilities to function*, which represent the ‘freedoms [people] actually enjoy to choose the lives they have reason to value’.¹¹ G.A. Cohen advocates a principle of equality of *access to advantage*, and understands advantage as a ‘heterogenous collection of desirable states’, rather like Sen’s functioning.¹² Callinicos appears to endorse Sen’s and Cohen’s views, at least for the purposes of his discussion of capitalism: ‘The difference between the two perspectives seems to lie less in what they seek to equalize than in their underlying rationales for equality.... Either equality implies a very considerable redistribution of wealth and income. For the purposes of my argument in the following chapter I shall treat them as equivalent’.¹³ The kind of egalitarian anti-capitalism supported by Marxists, Callinicos believes, is best served by something like the Cohen-Sen principle of egalitarian justice.

We broadly endorse the main thrust of Callinicos’s discussion of these various egalitarian

¹¹ Quoted in Callinicos, p.59

¹² Quoted in Callinicos, p. 61

¹³ Callinicos, pp. 61-2

liberal positions. There is one respect, however, in which we feel his arguments may be misleading. Callinicos seems to suggest that the Sen-Cohen egalitarian principle is more congenial to anti-capitalism than either the resourcist or welfarist approach insofar as it implies much greater redistribution of income and wealth. We do not feel that this conclusion is well-grounded. All the standard candidates for equalization -- equality of resources, equality of welfare, equality of functionings -- imply radical redistribution of wealth and income, and it is hard to see which imply more than the others. None of these equalization processes can be carried out to the point where they accomplish egalitarian justice without seriously challenging capitalist institutions.

Now, it may be the case that some of these philosophical positions on the question of what precisely should be equalized in order to achieve justice countenance more or less inequality, but this does not mean that they are more or less congenial to capitalism as an economic system. Consider, for example, what is sometimes called “luck egalitarianism” – the view that we should eliminate all inequalities that are due to “brute luck” but not those that are do a person’s deliberate choices, including people’s risk-taking choices (which result in gains and losses due to what these theorists call “option luck”). Some versions of the luck-egalitarianism position allow for very large inequalities to emerge from people’s choices so long as there is absolute “starting gate” equality. It might seem, at first glance, that this position is less hostile to capitalism than would be a philosophical position like Sen’s that emphasized the on-going capabilities of people to lead the kinds of lives they wish. This appearance would, however, be deceiving. In order to take seriously the requirement that there be absolute equality of opportunity, that all brute luck inequalities be eliminated, there would have to be massive levels of redistribution inconsistent with any viable system of private ownership of means of production and market distribution of

rewards. To be sure, the luck-egalitarian position, if implemented, would lead to a world with more inequalities than certain other positions in these debates, but it would not be a world organized on capitalist principles.¹⁴ Egalitarian anti-capitalists need to choose among the views only because they want to be intellectually careful, not because some imply anti-capitalism and others do not.

4. *The politics of equality and “New Labour”*.

Callinicos pays considerable attention to the politics of New Labour, and in particular to the so-called Third Way. He bemoans the departure from the language of redistribution among formerly social-democratic politicians and their parties, and argues that the Third Way is at best a muddle and at worst a smokescreen for continuing the inegalitarian policies of neoliberalism. In particular, he takes on the ‘new’ egalitarianism articulated by Gordon Brown, who is regarded by some in the Labour Party as the conscience of the left within the government, and by many also as Blair’s likely successor. Brown has argued that his macroeconomic policy embodies a ‘new economic egalitarianism’, which tackles inequality of opportunity by raising education standards (thus equipping people for the world of work) and encouraging people into work through tax

¹⁴ There is an additional issue about anticapitalism which comes into play in these discussions which should be distinguished from the problem of the implications of disagreements about what needs to be equalized to accomplish a just system. This is the pragmatic issue of whether some form of capitalism may be necessary for reasons of efficiency or economic viability even if it violates principles of justice. G.A. Cohen, for example, argues strongly that capitalism is inherently an unjust system insofar as its basic structures necessarily violate egalitarian principles of justice. Nevertheless, *all things considered*, it *might* still be better to live under capitalism than under some other arrangement if it were the case that the alternatives had undesirable consequences apart from the issue of justice.

credits and reform of welfare policy, in particular by making benefits conditional on willingness to work. Brown's egalitarianism thus claims to avoid both the perverse incentives and morally corrosive effects of traditional welfare policy, and the political resistance (from the wealthy) to redistributive taxation.

Unfortunately, as Callinicos argues, there are deep problems with the strategy: there is little evidence that the low-paid jobs into which people are forced when they go off welfare lead to anything better; the disabled and the old, who constitute a sizeable fraction of the poor, are not helped by the strategy; education performance tends not to produce but to 'reflect the broader pattern of social and economic disadvantage'¹⁵; and the strategy assumes, implausibly, that equality of opportunity can be achieved without direct redistribution of resources.

We are in broad agreement with Callinicos's critique of New Labour (as well as the less elaborated critique of similar policies of the Democratic Party in the United States). There are two ways, however, in which we would modify his analysis: the first concerns his implicit explanation for the ideological shift to the right of New Labour, and the second concerns his emphasis on the rhetoric of the Labour Party rather than on the actual effects of implemented policies.

Although Callinicos does not provide a systematic explanation for the ideological changes

¹⁵ . Callinicos, p.99. We agree with Callinicos about this. Note that education could be used to reverse background inequalities, at least somewhat, if a great deal more resources were devoted to the education of the poor than of the rich. For more on this see Harry Brighouse School Choice and Social Justice (Oxford University Press, 2000) chapters 6&7. This suggestion, though, plays no part in New Labour's education strategy: Labour in power has done nothing to erode the strength of the private school system, has made it virtually impossible for anti-grammar school campaigners to succeed, and has introduced initiatives which, while they laudably aim at bringing middle class children back into the state system, do so by tacitly offering to devote more resources to them than to those who are already there.

in the Labour Party, he seems to suggest in several passages that the shift to neoliberalism is largely a result of a successful ideological offensive on the part of the right and a failure of an ideological response by the left. In contrast, we think that real changes in the social structure have created a solid coalitional base for an anti-egalitarian politics and that this has much to do with the success of both the right wing and centrist versions of neoliberalism. It is not that we completely deny a role to ideology and the demoralization and disorientation of the left. But this is operating against a background where inequality has grown in especially complex and cross cutting ways, as discussed earlier, and these changes materially underwrite the social base of this political reorientation.

In terms of his actual analysis of the rightward drift of the Labour Party, most of Callinicos's critique goes on at the level of the theory and rhetoric of politicians: he makes a fair and powerful critique of the language of the Third Way and the (purported) theory that underlies it. While we agree that debunking rhetoric is an important task, for left-leaning Labor supporters it may not constitute a convincing critique of New Labor. After all, many such supporters of Labour in the 1997 election believed that the rhetoric, as well as the 'theory', was an electoral smokescreen for the more traditional goals of the party, and that once in power the party would act differently. So what about the detail of New Labour policy as implemented in actual practice? The record is mixed, and it should be noted that in some areas – notably the minimum wage and the Working Families Tax Credit, which were effectively an indirect subsidy and a tax cut for the working poor – something has been done to alleviate poverty.¹⁶

¹⁶ It should be said that the minimum wage and the working families tax credit have affected poverty mainly because Labour has been lucky enough to inherit a tight labour market and

We believe, however, that examination of the overall policy record bears out Callinicos's ill-disposition to New Labour. But we would argue even more forcefully, that the Labour Party had available to it more and less egalitarian policies, even within the financial and electoral limits it has set itself, and has often chosen the less egalitarian of the options. Unlike Callinicos we would criticise New Labour from the point of view of what they could be doing but they are not. There are other, real, possibilities. The reason those policies have been spurned, in our view, is not that New Labour has on ideological blinkers: it is, rather, responding to the coalitions that have been able to make the most headway in changed material circumstances.

Take, for example, Labour's green paper on education of February 2001, which sets a target for 50% of secondary schools being so-called specialist schools. Specialist schools receive significantly more funding per-pupil, and are given permission to select up to 10% of their pupils by 'aptitude' for the subject in which they specialize. So promising artists could be selected into arts schools, promising footballers into sports schools, and promising linguists into language schools. The green paper also sets a target of a dramatic increase in the numbers of faith-based secondary schools.

The government claims that specialist schools and faith-based schools perform better in all subjects than do other schools with comparable intakes. There is some truth in this. But the specialist schools receive extra funding, which could explain their (marginal) superiority. Faith-based schools have more 'human capital' (volunteering from parents and lay people) and also have unique powers of selection – they are entitled to interview parents to establish their level of

buoyant economy.

religious commitment, which interviews certainly reveal more information than just that. It is reasonable to suspect that the success of faith-based schools depends on the human capital, which will just be spread more thinly if their numbers increase, and on the selection of children who are more likely to do well anyway.

It is hard to believe that capital has a preference between the policy outlined above, and the policies favored by Labour's social-democrats, of continuing comprehensive schooling but adjusting incentives within the funding formula so that schools have a better mix of children in them. The wealthiest 10% can and do exit the system into the private sector anyway, and neither right nor left seriously challenges the position of the private sector.¹⁷ New Labour is driven to its preferred policy -- expanding specialist schools and subsidies to faith-based schools -- not by despair, nor by electoral necessity, but by the ascendancy of a political coalition within and beyond the party that does not have even a minimally egalitarian agenda.

Another example: raising funds for higher education. Tuition fees (of about £1,000 per annum) were introduced for university attendance, and a system of loans was also introduced, while the previous policy of a mix of loans and means-tested grants was phased out. The reasoning behind this policy-shift is that, while university education produces a public good, most of the good it produces goes to the individual student. University attendance still has a massive impact on expected lifetime income, and the uptake is mostly from young people who come from relatively advantaged backgrounds. So students should be expected to pay for the advantage they will enjoy.

¹⁷ One of the current authors is an exception: see Harry Brighouse, *A Level Playing Field: Reforming Private Schools* (Fabian Society, 2000).

The problem is that loans and fees represent a barrier to working class students getting access to University. Only the poorest students are exempted from fees, none now receive grants, and all but the wealthiest students need loans for maintenance. For students from poor backgrounds, loans represent a barrier to access, because they incur the debt “upfront” as it were, before they enjoy the pay-off. Even if they have exactly the same level of risk aversion as their wealthier peers, it is less rational for a working class student than for a middle class student to incur the same level of debt for a University education, because the same level of debt represent a lower risk to the middle class student. Loans do not have to be paid back until after graduation, nor until the student earns at least £10,000 pa, but this is a very low salary, and interest begins to accrue at graduation regardless of the level of income.

What is spectacularly discomfoting about New Labour’s adoption of tuition fees is that the policy was implemented despite the public currency of the Dearing Report which advocated that universities be paid for out of a kind of surtax on income taxes (called graduate tax), to be paid only above a certain level of income, and for the lifetime of the graduate. This would tax graduates on the financial gains they themselves had made from getting a university education, thus individualizing the charges for the private benefit, without depressing uptake by students from low-income backgrounds. The proposal is politically sustainable, inexpensive, and egalitarian.

It is, again, hard to believe that capital *qua* capital has strong preferences regarding these options. Widespread higher education is generally thought to produce considerable economic public goods, so from the point of view of creating favorable conditions for capital accumulation, there are no objections to funding it through taxation. And the Graduate Tax is surely electorally

feasible. Its radicalness lies not its fiscal challenge to capital or the tax levels it requires (although we suspect it would be more expensive in the end), but the coherence of the principle it embodies. The Graduate Tax would, if adopted, ultimately mean that wealthy people, and even middle class people, would end up paying a lot more for University education since it would create a political context in which the debt-incurring tuition levels would rise to cover a substantial part of the true costs, something closer to the real costs of the education they receive.

What's the point of this brief discussion of some of New Labour's education policies? First, that the government needs to be judged on what it *does*, not mainly on the (often egalitarian) *rhetoric it uses*. Second, that assessing what it does depends (among other things) on looking at the detail of its policies relative to the other options available to it. Third, that evaluation on these grounds vindicates Callinicos's basic assessment of the anti-egalitarian thrust of New Labour.

5. The prospects for a renewed leftwing radical egalitarian project

The final principal theme of Callinicos's book concerns the necessity of the Left to renew its commitment to revolutionary socialism if it is to have any hope of seriously advancing a radical egalitarian project. He makes two kinds of general arguments in support of this thesis: the first about the limits of egalitarian reform within capitalism, the second about the possibility and prospects of socialism.

While Callinicos does not reject absolutely the possibility of there being more or less egalitarian versions of capitalism, he regards the limits of egalitarian reform within capitalism to be quite severe. Calls for unconditional universal basic income, for example, which if implemented

at a high level would certainly constitute a significant move in an egalitarian direction he regards as pie-in-the-sky: either basic income would be so low as to function more like a subsidy for low wages, or it would be infeasible and unsustainable in capitalism. A significant equality-promoting basic income is thus not realistic reform. The energies of radical egalitarians, therefore, should be primarily anticapitalist rather than ameliorative within capitalism.

But why should anyone believe socialism is even possible? It may be that capitalism imposes severe constraints on the egalitarian project, but that by itself is not a reason to devote one's political energies against capitalism unless one also believes that socialism is possible. Callinicos argues strongly against skeptics of socialism. Against those who believe that historical experience, especially the failure of the Soviet Union, definitively demonstrates the necessity of markets and the impossibility of efficient, sustainable socialist planning he argues first, that the Soviet Union was really a form of state capitalism, not socialism, and second, that a genuinely democratic form of socialist planning has never been tried. "It does not seem beyond the powers of human ingenuity," he writes, "to devise a much more decentralized system of planning in which information and decisions flow horizontally among different groups of producers and consumers rather than vertically between center and productive units".¹⁸ Such decentralized planning, Callinicos believes, would not require a reliance on market mechanisms: "the necessary superiority of the market over other forms of economic co-ordination does not seem warranted by the evidence."¹⁹ Against skeptics that socialism is incompatible with human nature (because of

¹⁸ Callinicos, p.123

¹⁹ Callinicos, p.122

pervasiveness selfishness of motivations, individualism, and so on), Callinicos states that “it is worth reminding ourselves of the standard socialist objection to appeals to human nature in order to trump calls for egalitarian change, namely that such appeals tend to confuse the local and the contingent with the universal and the natural.”²⁰ While it is certainly the case that within the highly competitive and inegalitarian social relations of capitalism, selfish individualism seems to deeply stamp human “nature”, “In a suitably altered social structure, where different beliefs about individuals’ relations to each other prevail, motivations other than the expectation of material reward may suffice.”²¹ For Callinicos, therefore, a radical egalitarian socialism, coordinated by democratic planning without markets, is thus not ruled out by historical evidence of past failures and is not incompatible with human nature understood as a highly context-dependent pattern of motivations and capabilities.

Why, then, is the support for anti-market socialism so weak? Callinicos argues that the central reason for this is “fetishism” – the belief by most people that what exists is natural and inevitable and that, as a result, any fundamental alternative to the existing social order is simply not possible. This ideological obstacle would be very difficult to overcome, Callinicos believes, if it were true that “the majority of citizens in the advanced economies at least, were affluent, contented and therefore indifferent to the plight of an impoverished majority”.²² “But,” he continues, “this belief is false.....It follows that the interests of the working majority can be

²⁰ Callinicos, p.124

²¹ Callinicos, pp. 124-5

²² Callinicos, p.125

mobilized in support of a strategy of social transformation”²³, by which he clearly means the anticapitalist struggle for socialism. But what about the threats from Capital, the power of the ruling class to retaliate against any serious challenge? Callinicos believes that such threats are not a fundamental problem: “The greatest obstacle to change is not, however, the revolt it would evoke from the privileged but the belief that it is impossible.”²⁴ He concludes, “It is time – more than time – to call the blackmailers’ bluff....[This] requires courage, imagination and will power inspired by the injustice that surrounds us. Beneath the surface of our supposedly contented societies, these qualities are present in abundance. Once mobilized, they can turn the world upside down.”²⁵

We share Callinicos’s basic belief that a serious commitment to the full realization of a radical egalitarian project implies being normatively anticapitalist.²⁶ We also share the central thrust of his rejection of the sceptics’ belief in the impossibility of at least some form of

²³ Callinicos, pp. 125-6

²⁴ Callinicos, p.128

²⁵ Callinicos, p.129

²⁶ The fact that radical egalitarianism is *normatively* anticapitalist does not itself imply that a radical egalitarian would have to be *practically* anticapitalist. One could believe that a full realization of egalitarian principles is inconsistent with capitalism -- and thus one is normatively anticapitalist -- and also believe capitalism is the most morally acceptable feasible social arrangement *all things considered* (for example, if no form of socialism were feasible, or if there were other normative drawbacks to socialism). With this set of beliefs the egalitarian project could still be a live one, pushing for social reforms within capitalism to make its operation less inequalitarian, all the while understanding that these reforms are temporary and always subject to assault by the ruling class, etc. There are more and less egalitarian versions of capitalism, and more and less wise social democratic movements (we find, for example, the record of post-war Swedish social democrats far more impressive than that of their British counterparts).

democratic socialism. We agree that the historical evidence does not rule out democratic socialism, and we agree that there is probably enough flexibility and variability in historically-conditioned “human nature” that even a complex economically developed society could function effectively without substantial private ownership of the means of production. But we disagree with his analysis in three respects: first, we lack his confidence that a socialist alternative to capitalism could dispense with markets; second, we are skeptical of his optimistic belief that the central obstacle to an effective revolutionary socialist movement in contemporary capitalism is the popular belief in the impossibility of socialism; and third, we do not share his belief that significant reforms in egalitarian directions are virtually ruled out inside of capitalism.

Socialism without Markets

Although it is clearly beyond the scope of Callinicos’s book to provide a systematic discussion of how committed egalitarians on the left should think about alternatives to capitalism, he does sketch out two general principles of what a socialist economy would look like: first, it would be coordinated by institutions of democratic planning organized in some kind of decentralized manner, and second, markets would not play a significant role. We endorse the idea that planning in a socialist economy should be democratic and decentralized as much as possible, but we are skeptical that this can be accomplished without a significant role for markets. The reason for markets is not because of failures of “human nature” due to greed, competitiveness, innate individualism or the like, but because of the impossibility of efficiently integrating all of the details of extraordinarily complex, large scale, rapidly-changing economic interdependencies through coordinative plans (democratic or otherwise). It is one thing for planning to set priorities,

parameters of investment, new directions for research and development, etc., and another thing to solve the masses of micro-information problems in large economic systems with complex divisions of labor. It is to solve these problems of information complexity that various models of “market socialism” have been proposed, models which attempt to combine egalitarian principles of the ownership of society’s wealth and democratic decision-making over the large scale priorities of economic development with a significant role for market mechanisms.²⁷

Callinicos dismisses the importance of market mechanisms without any real argument. He asserts that it “is not beyond the powers of human ingenuity” to accomplish the necessary institutional innovations, but he offers no reasons for us to believe that this is in fact the case. He invokes a proposal by Pat Devine – the model of ‘negotiated co-ordination’ – as an example of how such a system might work, but provides the reader with no actual discussion of how such a nonmarket system of decentralized negotiation might plausibly solve the knotty information problems of complex economies. Our guess is that if one seriously played out the logic of “decentralized negotiated coordination” to the point of seeing how these “negotiations” would in fact coordinate production of hundreds of millions of products over the entire globe, one would discover that they were in fact a special form of markets.

Of course, one can equally well point to many unresolved problems in any of the institutional proposals for market socialism. And we acknowledge that these problems may indeed be “fatal flaws” in trying to combine socialism with markets in order to solve information-

²⁷ One interesting model of market socialism that tries to incorporate these features is that proposed by John Roemer in *A Future for Socialism* (Harvard University Press, 1994) and *Equal Shares*, volume II of the *Real Utopias Project*, edited by Erik Olin Wright (Verso, 1996)

coordination problems in an egalitarian manner. Our objection to Callinicos's position is the certainty with which he asserts the feasibility of decentralized democratic planning without markets.

The obstacles to the popular embrace of revolutionary socialism

The actual attractiveness to people (including workers and poor people) of democratic socialism, or any other institutional model, as an alternative to capitalism depends upon three beliefs: first, beliefs about how good or bad things are (and are likely to become in the future) in capitalism; second beliefs about how good or bad things would be in the alternative; and third, beliefs about the transition costs to accomplishing the alternative. This third set of beliefs can be crucial. Even if people came to believe that a democratically decentralized socialism would constitute a massive improvement in the material conditions of their own lives as well as a moral improvement in terms of egalitarian visions of social justice, it does not follow that it would be economically rational for people to struggle for socialism given the potentially huge transition costs that achieving socialism might entail. This is not just an issue for the relatively affluent middle of the income distribution; it is also true for the poor. The working class in developed capitalism, including the working poor and even the marginalized poor, do have something to lose besides their chains, and thus a comparative statics of capitalism vs socialism (even if credible) cannot provide a sufficient argument for socialism.

On top of the transition cost problem, the attractiveness of socialism depends upon how much better people believe life will be in a democratically-planned socialist society, and this depends crucially on how plausible are the claims that it will function significantly better than

capitalism. We have already commented on this issue. At this point in history it is not enough to simply assert the powers of human ingenuity to invent new institutional devices. If one is going to take a strong anticapitalist stance – a position we support – then one needs to acknowledge the difficulty in elaborating coherent understandings of the likely performance of system-level alternatives. Of course Callinicos could not be expected to solve these problems in a short essay, but he writes as if these weren't serious and difficult problems, as if they were settled issues and the only question was one of proper enlightenment.

This bracketing of the problem of transition costs and the institutional design of socialism as something to be left to “human ingenuity” rather than theoretical specification has a long pedigree in the Marxist tradition. We do not consider this bracketing to be mainly a question of failure of theoretical imagination. Rather, it reflects the enormous difficulty of making credible arguments about the feasibility of radically alternative forms of the large-scale institutions of society and of the all-costs-considered desirability of system-level alternatives, especially in the face of unknown, but probably very high, transition costs. Classical Marxism had an elegant strategy for side-stepping these issues. Instead of actually developing a theory of transition costs and institutional design, classical Marxism shifted the terrain to a theory of the long-term rise in the costs to people of *staying in capitalism* and, eventually, of the long-term nonviability of capitalism itself. Sorting out transition costs matter less if things are going to fall apart in capitalism and if, in the long run, life under capitalism will become intolerable for the masses of the population. Furthermore, the democratic experimentalist spirit of “where there is a will there is a way” and “necessity is the parent of invention” makes a lot of sense in talking about democratic socialism if one believes that capitalism itself will become an impossible (i.e. unsustainable,

unreproducible) social system. What might be termed the *long-run impossibility of capitalism thesis* in classical historical materialism is therefore critical for being able to bracket the problems of transition costs and feasibility of institutional alternatives.

Callinicos does not explicitly endorse this classical argument, but there is much in the book which suggests that he accepts its central tenets. He emphasizes the ways in which things are steadily getting worse for most people in contemporary capitalism and he endorses the labor theory of value version of Marx's theory of the tendency for the overall rate of profit to fall, one of the key components of the classical Marxist theory of capitalist crisis and long-term self-destructiveness of capitalism. If one accepts these arguments as sound, then perhaps it is true, as Callinicos argues, that "Once mobilized...[courage, imagination and will power inspired by the injustice that surrounds us] can turn the world upside down."

If, however, one believes that these elements of traditional Marxism are no longer persuasive – that is, if one believes first, that capitalism is not moving towards a simplified, polarized economic structure in which the vast majority of the population face a steady deterioration of life prospects and second, that Marxism as it currently exists does not provide a scientifically adequate theory of capitalism's long-term trajectory towards deterioration and demise – then an argument for the radical transformation of capitalism cannot ignore the problem of transition costs and the credibility of alternatives.

The basic problem we are addressing here is illustrated graphically in Figure 3. This figure presents two stylized contrasting scenarios of the trajectory of material conditions of life under capitalism, socialism, and during a transition between the two. The socialist line in these figures constitutes a kind of counterfactual: given the existing level of development of our productive

capacities at a given point of time, what would the standard of living of people be if we could instantly and costlessly jump from capitalism to socialism. At any moment, then, the difference between capitalism and socialism constitutes the comparative static advantages of socialism. But of course, we cannot costlessly jump from one mode of production to another. The transition between systems curve, then, presents a prediction about possible transition paths. The portion of the transition curve which lies below the capitalist curve is what can be termed a “transition trough” – the period of time in which material conditions of life are worse for people during a transition to socialism than they would have been if no transition had been attempted.

Now, one possibility – not shown here – is that there is no transition trough: capitalism collapses, it becomes completely unviable and material conditions become so miserable that life improves immediately for the vast majority in the transition to socialism. More realistically, even in a fairly traditional Marxist vision of the trajectory of capitalism, the picture might look something like Scenario #1. At the present moment (“Now” on the figure), capitalism has developed its forces of production to the point that the conditions of life of most people would be better in socialism.²⁸ Conditions of life for most people in capitalism are deteriorating over time. At some point in the future if a break with capitalism occurred – if a transition to socialism really began – then initially things would get worse: production is disrupted, there may be physical

²⁸ It is worth noting that in classical Marxism it was *not* the case that in every capitalist society people would be better off in socialism. Marx believed that socialism required a higher level of development of the forces of production than was available in the early stages of capitalist development and that capitalism had the “historical mission” (to use a rather teleological phrase) of developing the forces of production to the point in which socialism becomes possible. In figure 3 if one extended the socialist and capitalist curves backwards in time there would come a point in which the socialist curve would fall below the capitalist one. That is the situation in which socialism is not feasible as a way of organizing social production.

destruction if the capitalist class resists violently (assuming that the transition requires “revolution” in the traditional sense), and in any case it takes time to institutionalize the new ways of coordinating and planning economic life. But eventually, after a short enough period of time that it falls within the realistic time horizons of most people, the transition trough ends and material conditions of life are better than they would have been if capitalism had continued.

In this kind of scenario, the attractiveness of socialism to the majority of the population increases to the extent that: the trajectory of their material conditions of life of capitalism into the future is sharply downward, the transition trough is shallow and of short duration, the upward slope of the transition trough is steep, and the socialist curve lies well above the capitalist curve. This seems to be the sort of map of the future that is implied by Callinicos’s arguments.

But things may not be so conducive to socialism. Consider scenario #2, again a stylized picture of what the trajectory of advanced capitalism might be like. Here we have distinguished between the trajectory of material conditions of life for the median person in capitalism and that of the person in the bottom decile. The transition trough is much deeper and prolonged, perhaps to the point that it extends beyond the subjective time horizons of most people. And socialism, while still better for most people than capitalism, is not dramatically better for the median person. *If* the world actually works like this, then the prospects for revolutionary socialist mobilization are not so bright. Enlightenment will not be enough to convince the majority to embark on the transition, for even if they agree that life would be better under socialism, life is not so bad for most people under capitalism particularly in light of the huge costs of transition.

Callinicos exemplifies a tendency in the Marxist tradition to treat transition costs as peripheral – as a merely technical impediment to socialism. But transition costs matter *morally*,

not just pragmatically. The transition costs we have in mind are poverty, loss of educational opportunity, increased financial and physical insecurity, increased levels of property and violent crime, worsened life-expectancy, higher infant mortality rates, etc. These harms are continuous with the benefits of socialism, and will be suffered by individuals who, in many cases, will not see the benefits of socialism. Their aversion to suffering these losses is neither irrational nor immoral. A socialist moral theory must take account of these costs, and be able to cope with the possibility that some transition costs would be so high as to make a transition which imposed these costs impermissible.

Many other scenarios than #s 1 and 2, of course, are possible. We are not here defending the details of scenario #2, although we think that something like it is probably more plausible than scenario #1. Nor are we arguing that the costs represented even in scenario #2 would make transition morally objectionable. What we are saying is that the extremely optimistic claims made by Callinicos to the effect that the main obstacle to socialism is the false belief on the part of the majority of people that socialism is not possible does not seem very plausible, for it fails to reckon with the increasing economic heterogeneity of the population in advanced capitalism, the complexity of the impact of the material trajectory of capitalism on the lives of people, and the real transition costs any move towards socialism would entail.

Egalitarian Reforms within capitalism

We believe that a revitalized egalitarian project and program for the Left must pay great attention to the problem of reforms in the here-and-now that would matter for the long-term prospects of radical egalitarianism. We see little evidence that a ruptural strategy against capitalism – a strategy

which envisions a decisive rupture with capitalism as the way of creating the conditions for pursuing a radical egalitarian project of social transformation – has any chance of succeeding in the foreseeable future. The only plausible strategy for pushing forward the radical egalitarian normative project, therefore, is probably one that at least for now centers around egalitarianism within the constraints of capitalist institutions.

If, against this view, one believes – as Callinicos seems to believe – that nothing significant can be done within capitalism, then we believe this probably also means that the overall prospects for the radical egalitarian project are indeed dim. Given

- (a) the high transition costs of any rupture decisively away from capitalism,
- (b) the absence of a credible theory that capitalism will destroy itself and become “impossible”,
- (c) the fact that under developed capitalism a significant proportion of the population is doing quite well, and the large majority has a standard of living that is well above poverty, and
- (d) the ways in which the rise in inequality in recent decades has strengthened an inegalitarian coalition,

then *if* there are no viable equality-enhancing reforms possible *within* capitalism it seems unlikely that there could ever emerge a big enough political coalition to accomplish the radical egalitarian project *against* capitalism.²⁹

²⁹ Of course, it is also true that if Callinicos is correct in his assumptions about the fate of capitalism and the trajectory of living standards of people within it, then the feasibility of such reforms within capitalism may matter less for the long term prospects of radical egalitarianism. A revolutionary rupture with capitalist institution could be a future for advanced capitalism, even the

We think, in contrast, that there are a range of equality-enhancing reforms that are feasible within capitalism and which can become the basis for a renewed egalitarian project. This does not imply that the egalitarian project should not look beyond capitalism, and certainly not that it should extol the virtues of capitalism as a social order. Radical egalitarianism should remain normatively anticapitalist and sharply criticize capitalism for the ways in which it impedes social justice and imposes avoidable harms on the lives of people. But, while doing this, it should also ground its practical politics in equality-enhancing reforms pursuable within existing societies. More specifically, radical egalitarians should seek reform agendas which, if possible, accomplish three things:

- 1) *Counteracting harms*: The reforms materially improve the lives of people harmed by capitalism.
- 2) *Prefiguring socialism*: They embody, to the extent possible, institutional elements that prefigure or embody the principles of a socialist alternative. One of the tasks of equality-enhancing reforms inside of capitalism is to enhance the credibility of socialism.
- 3) *Reducing transition costs*: They create conditions which may help reduce the transition costs of future, more system-wide transformations.

The credibility and achievability of the more profound system-alternative, then, is something that is built within capitalism itself. Where this ultimately leads, we believe, is an open question.

What sorts of reform policies might this kind of Left social democratic egalitarianism

most likely future, but we do not believe that the scientific understanding of the “laws of motion” of history in general or capitalism in particular are sufficiently cogent to make these predictions compelling.

imply? Two examples may help illustrate our thinking: Basic income, and pension-fund capital ownership.

Basic Income. The idea of a basic income (BI) is quite simple: Eliminate most of the targeted redistributive programs of the welfare state and replace them with a simple, universal program of giving every citizen, without any conditions attached, a monthly stipend sufficient to live at what would be considered a respectable standard of living.³⁰ Bracketing for a moment whether or not, as Callinicos maintains, “a basic income is inconsistent with a functioning capitalist economy,”³¹ if it were feasible within capitalism, then it would satisfy the first two of the conditions specified above:

- 1) *Counteracting harms:* BI would certainly improve the lives of people most disadvantaged by capitalism. But it would also improve the conditions of life even of people who are relatively well off in capitalism, by increasing their freedom of choice and the flexibility by which they deal with uncertainties of life.
- 2) *Refiguring socialism:* By partially decommodifying labor power -- i.e. making the standard of living of workers less dependent upon the labor market -- BI would materially embody some elements of a socialist society. Income is distributed at least partially on a basis of need, at least in the sense of meeting everyone’s basic needs, rather than on the basis of market power.

³⁰ A good introduction to the debate over basic income appears in a special issue of the *Boston Review*, October- November, 2000.

³¹ Callinicos, p.117

These are certainly normatively attractive features of BI, which Callinicos also recognizes. His criticism is simply that BI is impossible in capitalism: “The correct responses....is not to reject the basic income proposal, which has undoubted attractions, but to recognize that it can succeed only as part of a wider move towards socialism in which, critically, control over productive resources is taken from the hands of capitalists and collectively exercised by....the ‘associated producers.’”³²

Callinicos may be correct in this judgment. But the limits of reform in capitalism may also be wider than he suggests. In those countries with the most advanced and generous welfare states, the actual increased taxes needed to institute an above poverty-level BI would be relatively modest. What is more, in principle BI can be financed out of redistribution *among* wage earners, not redistribution from capital to labor, so if wage earners in general came to believe that BI was a desirable reform, it need not directly threaten the profits of capital. To be sure, by partially decommodifying labor power, BI does strengthen the power of labor, both by tightening labor markets and by providing an income floor for striking workers. But the fact that working class power is increased by BI does not mean that workers have to exercise that power in ways that threaten the material conditions of capital accumulation thus rendering the BI itself unsustainable. Workers are perfectly capable of participating in class compromises in which they see the long-term advantages to them of *refraining* from taking maximalist positions against capital in exchange for economic stability, employment security, and lengthened time horizons.³³ The

³² Callinicos, p.118

³³ For a discussion of the complex relation between working class power and capitalist class interests, see Erik Olin Wright, “Working-Class Power, Capitalist-Class Interests, and Class Compromise,” *American Journal of Sociology*, 105:4 (January, 2000): 957-1002

question to ask, then, is whether a high BI would be sustainable if there was widespread popular support and workers collectively decided not to use their enhanced power to seriously challenge the material interests of capital.³⁴

Again, Callinicos may be correct that “if such a proposal were seriously canvassed by a major party with a serious prospect of holding office anywhere in the advanced world, the reaction of the privileged would be extravagantly ferocious.”³⁵ (117). Perhaps. But perhaps the advantages of BI for social stability and cohesion under conditions of very high levels of economic productivity might convince significant segment of “the privileged” that BI was a tolerable reform. In any case, the ferociousness of the reaction of the privileged to BI is nothing like what it would be to “a wider move towards socialism in which....control over productive resources is taken from the hands of the capitalists.” It takes a great deal of confidence in one’s theory of the future and optimism about the willingness of people to take risks and accept sacrifices to believe that mobilization against such ferocity can succeed in a transition to socialism, but not in instituting a basic income in capitalism.

³⁴ There is a current within the Marxist tradition that believes that workers should always adopt the maximally militant stance possible in their struggles against capital, should always exact from capital as much as possible, should always strive for “maximum damage” to capital. Adam Przeworski, in *Capitalism and Social Democracy* (Cambridge University Press, 1985) has argued that actual working class movements frequently pull back from such a maximalist position, realizing that as long as workers are insufficiently powerful to actually transcend capitalism they will have an interest in securing stable, long-term conditions for capital accumulation, and this requires some form of “class compromise”. In a class compromise workers have power to damage capital *which they refrain from using*. The fact that BI would increase workers power – which is probably would – therefore does not itself demonstrate that this power would be used in ways incompatible with securing favorable conditions for accumulation.

³⁵ Callinicos, p.117

Pension-fund capital ownership. A second equality-enhancing reform offers some prospects for advancing the third objective of counteracting transition costs. In all contemporary capitalist societies, a great deal of stock is owned by pension funds, including in some countries pension funds linked to the labor movement. Under existing institutional arrangements, these funds are run more or less like ordinary long-term mutual funds: maximizing returns on investment under various kinds of fiduciary constraints. Still, they constitute huge capital funds which could potentially be deployed in more strategic ways to enhance the capacity of unions and other collective organs to control capital. In the mid-1970s a proposal to this effect was on the table in Sweden, only to be watered down in the face of strong opposition. Nevertheless, it is possible to imagine conditions in the future in which this kind of “creeping socialism” of shifts in the organizational form of capital ownership might be possible. To the extent that this happens, then some of the transition costs to more radical socialization of the conditions of production could be reduced.

As with BI, it could be argued, in the spirit of Callinicos’s extreme pessimism about prospects for egalitarian reforms within capitalism, that reforms which would facilitate such popular-organizational control of capital would generate “extravagantly ferocious” opposition by capital. This was more or less the experience of the ill-fated Swedish reforms. But again, it seems as plausible to imagine that conditions could occur in the future within which such proposals could be returned to the political table and successfully implemented, as it is to imagine that conditions will occur in which a ruptural overthrow of developed capitalism can be accomplished. We do not have as much confidence in the theoretical power and scientific soundness of our

understanding of these difficult questions as Callinicos seems to have in his, and thus it seems better to us to take a cautious view about what may or may not be possible rather than speak with absolute assurance about our knowledge of the future trajectory of capitalism.

*

There are many arguments in Callinicos's *Equality* with which we are in strong agreement: income and wealth inequality have grown sharply in many developed capitalist countries; poverty remains an enduring problem in some of the richest capitalist countries; the continuing levels of poverty as well as the rising inequality are morally abhorrent and inconsistent with the principles of egalitarian social justice; these grave moral deficits in capitalism could easily, under suitably altered institutions, be drastically reduced; the left needs to take the moral issues of egalitarianism seriously and develop a serious normative theory of justice; and ultimately to take these moral issues seriously requires being at least normatively anticapitalist. We also agree with Callinicos that there is a widespread belief in the impossibility of radical change. This belief is a response to the failure, and manifest defects, of Soviet-style 'socialism', and also to the manifest gains the right has made over the past three decades. But we disagree with Callinicos that the central obstacle to a revitalized Left committed to a radical egalitarian future are these beliefs or that these beliefs can be transformed by exhortation.

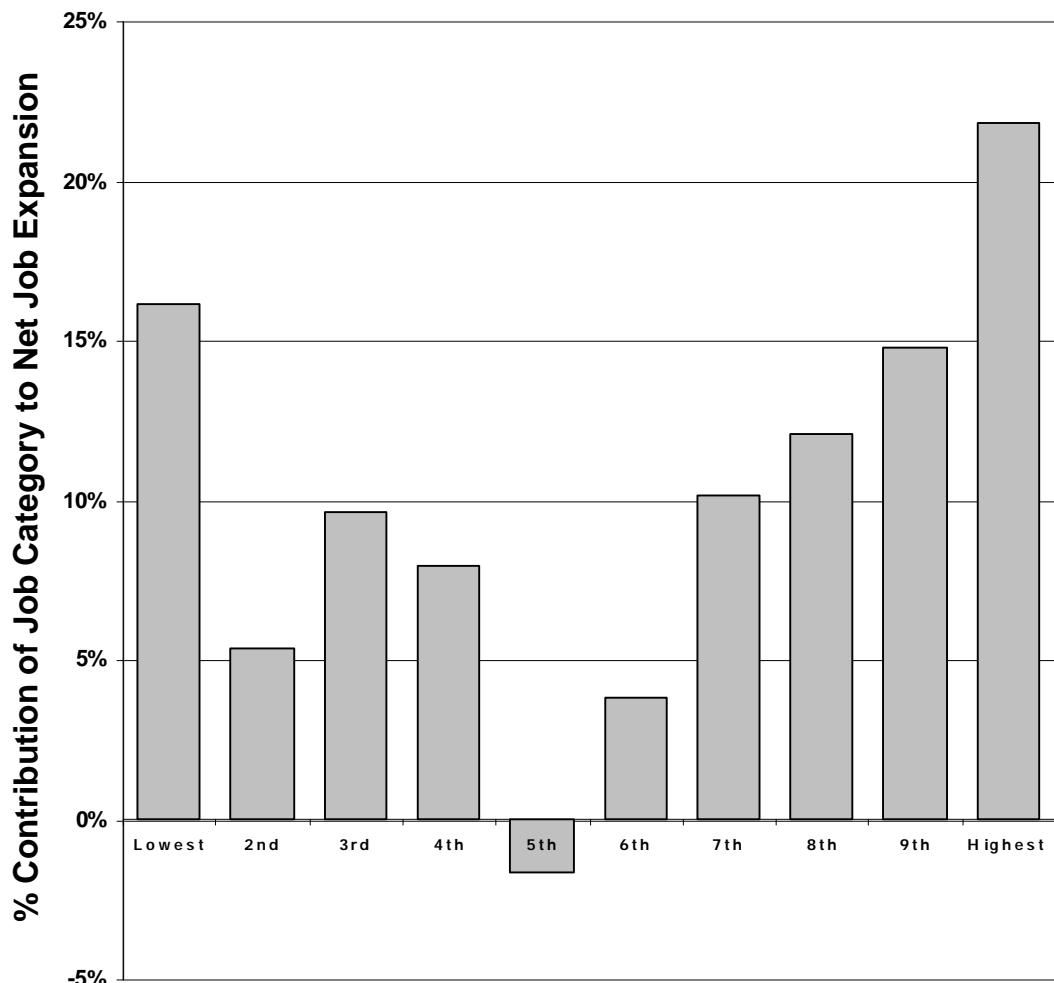
This disagreement, in turn, we believe is linked to our disagreements about the nature of socio-economic changes in contemporary capitalism and the theoretical problem of specifying the institutional alternatives to capitalism. Callinicos seems to endorse the view that the social structure of advanced capitalist societies is moving along a trajectory towards an increasingly simple form of polarization in which the masses of the population see their standards of living

declining and only a thin layer benefits from the advance of the forces of production. As a result of this trajectory towards simplified polarization, a rapid overthrow of capitalism and the creation of some form of socialist economy is in the interests of most people. We believe, in contrast, that the nature of inequality in advanced capitalism is quite complex and is not in a process of some polarizing simplification. As a result, we believe that a significant, not trivial, portion of the population would have its material interests threatened by socialism even if one could instantaneously jump to socialism and a larger proportion would have its interests threatened because of the transition cost problem. We believe these objective material conditions -- not the failure of strategic will -- are what most deeply erode the prospects of the revolutionary Left, and further that those prospects will change significantly only as material conditions change (we're Marxist enough to think that).

This does not mean, however, that we believe the anticapitalist left should pack up and wait for such conditions to change. There are two reasons for this. First, as we have stressed, we believe that even within the constraints of capitalism it is possible to push the normative agenda of radical egalitarianism forward. While capitalism is intrinsically anti-egalitarian, this does not mean that capitalism as a social system cannot tolerate moves towards greater equality.³⁶

³⁶ The belief that because the logic of capitalism is deeply anti-egalitarian it therefore cannot tolerate moves towards greater equality is grounded in what might be termed *the functional fragility of capitalism thesis*. This thesis posits a set of functional requirements for capital accumulation to continue and then argues that unless these conditions are met within quite narrow tolerances, capitalism would not be reproducible. The alternative view, which we hold, is that capitalism is a social system of considerable flexibility and capacity to muddle through, and that it is possible – under appropriate political conditions – to institute reforms that are quite at odds with these functional requirements. To be sure these would be suboptimal from the point of capital accumulation, but capitalism can survive without optimal functionality.

But beyond the issue of what can be done in the here-and-now to improve the lives of people, we also believe that formulating such reform strategies and pushing for them within capitalism is essential if the anticapitalist Left is ever to be a credible force within capitalism. For the anticapitalist left to be able to take advantage of even the most favorable conditions, it has to be able to offer well-designed reforms which resonate with the public, which accomplish real improvements in the present, and which show the way forward to the better social structure we ultimately advocate. Public disillusion with the left is deep in Western societies, nowhere more so than the United States. There is no guarantee that when (or if) conditions change in the future the left will be able to take advantage of them; whether we can do so depends on what we have to offer. The left cannot be content with offering revolution and some hand-waving comments about something that has never been tried: it has to be able to point to concrete successes within capitalism and to offer up for scrutiny detailed prescriptions of what it would do as an alternative to capitalism. There is nothing elitist or undemocratic about this – the point is to subject proposals to popular scrutiny so they can be rejected, refined, or embraced.



Job Deciles defined by
median earnings of job categories

Figure 1
Contribution of different Jobs Deciles
to Net Job Growth (full time employees), 1992-1999

Figure 2A

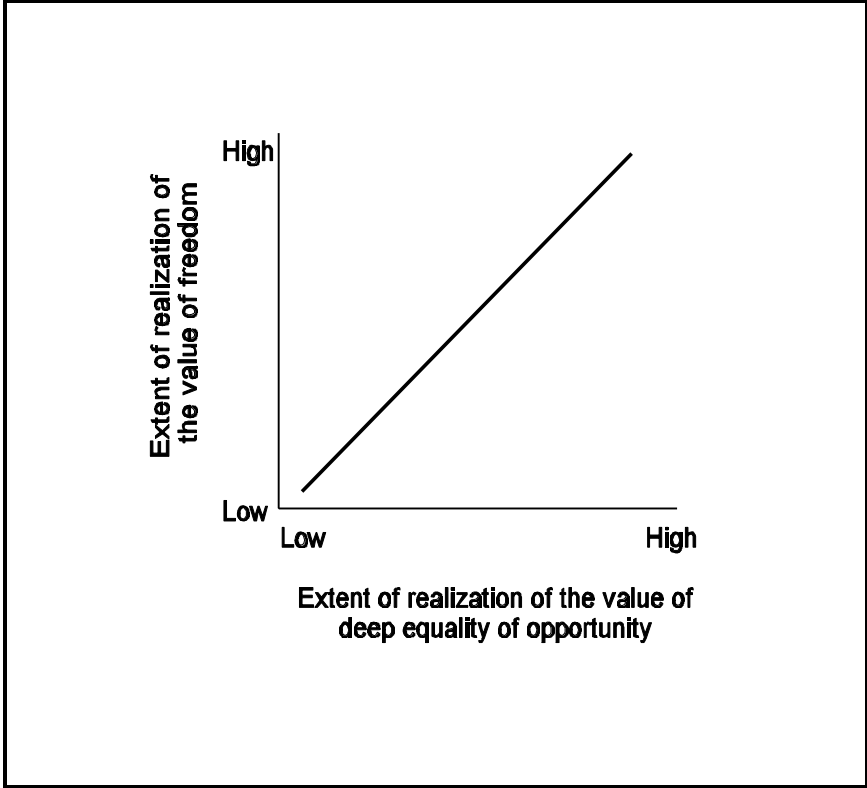


Figure 2B

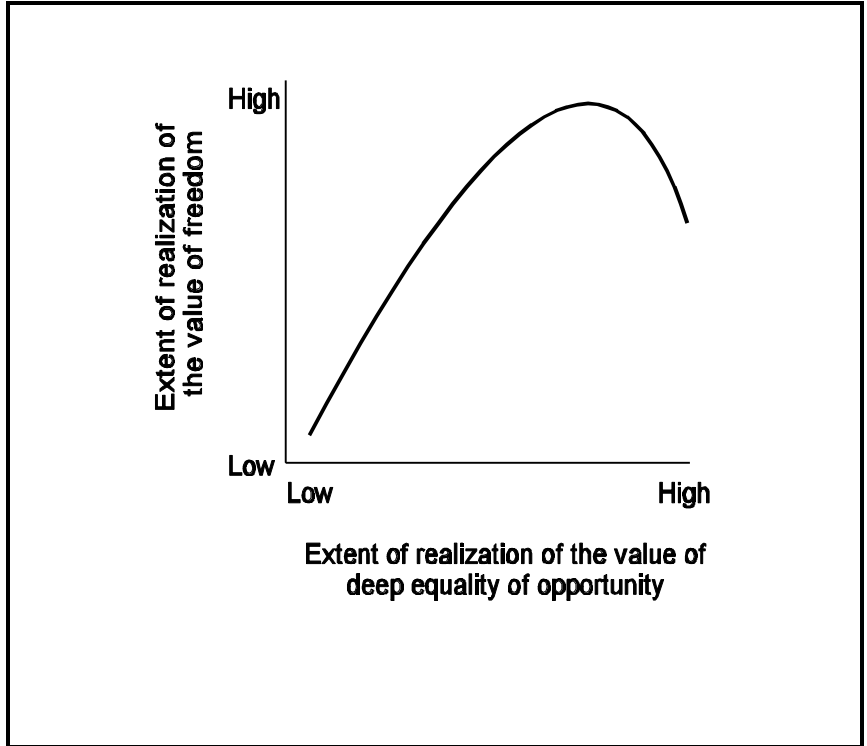
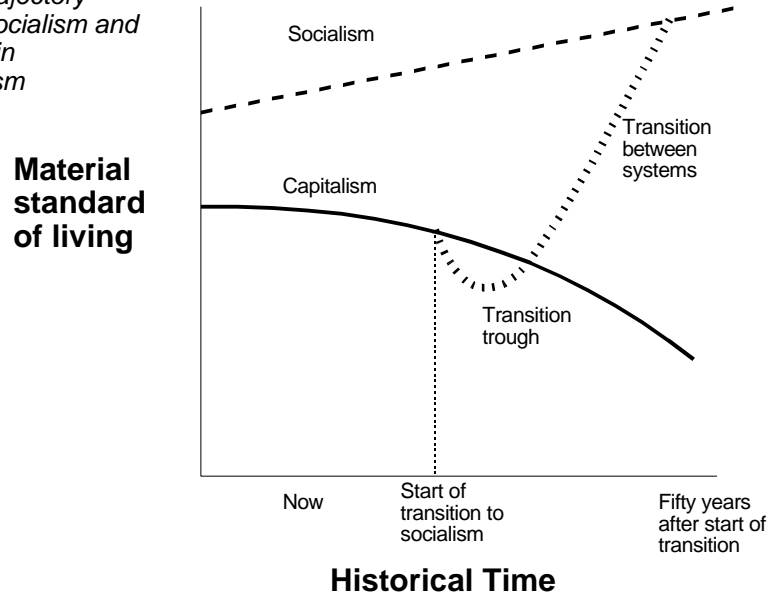


Figure 2
Hypothetical Relation between the realization of
the values of Equality and Freedom

Scenario #1:
Beliefs about trajectory
of capitalism, socialism and
transformation in
classical Marxism



Scenario #2:
Alternative possible
beliefs about trajectory of
Capitalism, socialism
and transformation

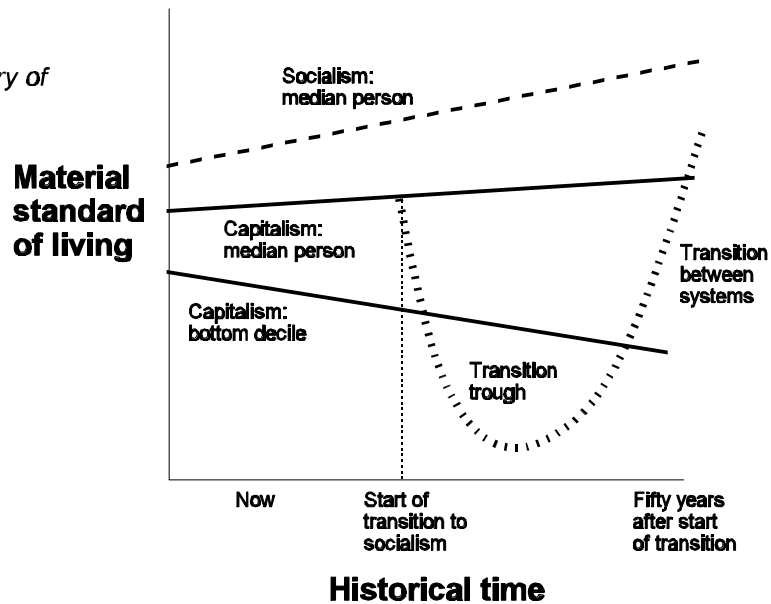


Figure 3. Hypothetical trajectories of material conditions in capitalism, socialism and Transition to socialism