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## Egalitarians and the Market: Dangerous Ideals

Anne Phillips <sup>1</sup>

One of my colleagues at the Gender Institute has a brilliantly coloured collage on her office door, presented to her by her students, that defiantly proclaims ‘Theory Saves Lives’. As this suggests, the notion that theory of any kind matters is contested, perhaps particularly in environments where there is a sense of urgency about political and social change. Precisely elaborated theoretical distinctions that threaten to make no practical difference can seem as pointless as those apocryphal debates about the number of angels that can dance on a pin-head; and when one’s mind is trained on issues of violence, poverty, or discrimination, it is hard to avoid impatience with those who airily leave questions of feasibility to another day. The complaint often levelled at ‘theory’ is that it fails to engage with the complexities of the real world. But at least with ‘theory’ the failure may be inadvertent: the theorist may have thought herself saying something highly pertinent, but in the eyes of her critics has failed. With *ideal* theory, the charge sheet will be considerably longer, for ideal theory does not just fail, incidentally, to address real world complexities; it actively chooses to set these to one side.

My concern in this paper is with an aspect of liberal egalitarian thought that might be regarded as proof against such criticism, a development that could be recommended, to the contrary, for its realism. This is the now almost universal acceptance that a plausible conception of an egalitarian society must accommodate itself to the existence of markets in goods and labour. Grand treatises on justice or equality that nowhere mention money, markets, or capitalism present us with an almost insurmountable task of translation; while condemnations of the market as

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<sup>1</sup> My thanks to Ciaran Driver, Marc Fleurbaey, Ingrid Robeyns, Adam Swift and an anonymous reader for their comments on an earlier draft.

simply immoral and unjust immediately beg – and have commonly ducked - the question of what, then, we are supposed to do. It would be hard to find examples of either such approach in the current literature. With the demise of communism (in both theory and practice), and widespread recognition that any foreseeable future will involve some version of a market economy, even egalitarians have accommodated themselves to this.<sup>2</sup> A significant number go further, deploying the virtues of the ideal market in their condemnation of its often corrupt realities.

Though I share the concern with feasibility, I am troubled by this turn towards the market; and especially troubled by the claim that there are sound *egalitarian* reasons for endorsing markets in goods and labour. Endorsements in the name of efficiency already risk invoking an idealised version of ‘the market’ that bears little relationship to the often failing markets of the real world. Endorsements in the name of equality mostly make it clear that it is market as ideal type, not as actual practice, that is said to promote equality. Yet here, too, the idealising move risks blunting the critique of actual market operations, because of the difficulties in disentangling ideal from real. Features from the operations of actual markets may be mistakenly incorporated into descriptions of the ideal, in ways that pre-empt more radical alternatives; or substantive norms associated with market societies may be written in to what are presented as neutral market ‘mechanisms’. From the other side, persistent features of actual markets may be treated as anomalies or irrelevant corruptions, in a manner that recalls distinctions between ‘explaining’ and ‘explaining away’.<sup>3</sup> My suspicion, in other words, is that it is not so much the egalitarian accommodation with markets that is the source of my unease, but the fact that this accommodation so often operates through ideal theory.

In what follows, I start with some illustrations of the turn towards the market in liberal egalitarian political thought, and go on to distinguish three distinct meanings that can be attached to the notion of ideal theory.<sup>4</sup> I have deliberately broadened the

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<sup>2</sup> Alex Callinicos (2000) *Equality*, Polity Press, is one valiant exception, but even he describes his alternative as ‘outside the bounds of contemporary common sense’ and requiring a ‘revival in utopian imagination’ (132-3).

<sup>3</sup> In his critique of contract theory, Charles Mills is particularly scathing of a tendency to represent racial injustice as an anomaly, and the ‘unhelpful and ultimately evasive abstracting away from questions of race’. Mills (2007) ‘Contract of Breach: Repairing the Racial Contract’: 108, in Carole Pateman and Charles W Mills *Contract and Domination* Cambridge, Polity Press.

<sup>4</sup> I focus in this paper on liberal egalitarian thought, and do not address the further literature on market socialism. Had I done so, I suspect I would have found a richer and more contextualised understanding of markets.

term beyond its reference point in John Rawls' distinction between ideal and non-ideal theory, for I see the over-emphasis on Rawls' definition as itself an unhelpful narrowing of debate. Within each of the three meanings, I consider ways in which the deployment of ideal theory creates problems in theorising the relationship between equality and the market. My own view, to state it from the outset, is that differences between one kind of market society and another are going to become increasingly important in the development of egalitarian alternatives, and that questions about the compatibility of equality with the market will come to focus more on the substance of market relations than a general principle of market exchange. Specificity matters here. Markets in what? how 'free' is the market? how regulated? What kinds of power hierarchies are established in what kinds of market in goods or labour? Which of these, if any, is compatible with principles of equality? Certain idealised ways of talking about 'the market' are unlikely to help in answering such questions.

### ***Modes of market accommodation***

One dominant mode of market accommodation follows a pattern laid out by Rawls, where the theorising is self-consciously ideal, and the market enters as an (also idealised) 'fact' of life that imposes efficiency constraints on distribution. The presumption, derived from ideal considerations, is in favour of an equal distribution of social primary goods, but this is to be modified where an unequal distribution turns out to the advantage of the least advantaged. The modification is itself justified in ideal terms (as what any rational person would choose), but its reference point is clearly market society, including what is taken to be the historically established relationship between competitive markets and economic growth, and the need for both profit and income differentials. Rawls himself explicitly assumes a free market system, while remaining agnostic on the precise role of private ownership.<sup>5</sup> In doing so, he moves between an idealised version of the market (which 'may then be used to appraise existing arrangements'<sup>6</sup>), and more historically contingent discussion of the relative merits of private property versus socialist regimes. He accepts entirely the efficiency claims made on behalf of a free market system, and regards it as one of the strengths of the difference principle that it makes justice compatible with efficiency.

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<sup>5</sup> 'I assume in all interpretations...that the economy is roughly a free market system, although the means of production may or may not be privately owned.' John Rawls (1971) *A Theory of Justice*: 66

<sup>6</sup> Rawls:272

Claims about market efficiency are not my primary focus, but it can already be said that this idealises the market in misleading rather than useful ways. Rawls' deployment of an ideal is, of course, entirely deliberate, but his movement between idealised conception and historical actualisation is by no means precise, particularly when the ideal involves claims about historical tendencies. Consider, for example, how he deals with objections that the difference principle permits the most extreme disparities in income and wealth so long as the least fortunate receive just the slightest overall benefit: in his illustration, an extra billion dollars to the best off justified by another penny to the least advantaged.<sup>7</sup> This is not, he argues, to be regarded as a real worry, because the just society will also enjoy equal liberties and positions open to all, and the widening opportunities associated with this will exert pressure on inequalities to keep them within acceptable bounds. 'In a competitive economy (with or without private ownership) with an open class system excessive inequalities will not be the rule. Given the distribution of natural assets and the laws of motivation, great disparities will not long exist.'<sup>8</sup> Yet this is surely a claim about the actual workings of actual market societies, to be tested against historical evidence, not deduced from the concepts themselves. Rawls here fleshes out his ideal market with what might be thought an over-optimistic reading of how actual markets operate.

It can also be said that Rawls' account of efficiency falsely represents the need for incentives as integral to the workings of a free market, in ways that then place them beyond the scope of justice. In his famous criticism, G A Cohen likens the refusal of the talented to work for anything like the average wage to a kidnapper demanding ransom, and argues that it would be hard to sustain the incentive justification for inequality if the rich had to make their case for it when face-to-face with the poor.<sup>9</sup> It is not, in this analysis, an 'objective fact' about markets that the talented have to be paid more, but something that derives from their own unwillingness, and Cohen argues that there would not be the same 'need' for incentives if the culture shifted in a more just and egalitarian direction. I take it as one implication of this that those who represent the need for incentives as definitionally integral to 'the market' have engaged in false idealisation. In doing so, they commit

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<sup>7</sup> Rawls: 157

<sup>8</sup> Rawls: 158

<sup>9</sup> GA Cohen (1992) 'Incentives, Inequality and Community' in G.B Petersen (ed) *The Tanner Lectures on Human Values, Vol XIII* Salt Lake City: University of Utah Press

us to more constrained and unequal consequences than the endorsement of markets as useful co-coordinating mechanisms need imply.

A second line of argument, initiated by Michael Walzer, represents the market as relatively unproblematic in the way it regulates the distribution of money and commodities, but seriously out of place once allowed to influence the distribution of such matters as education or sex or health. 'The merchant panders to our desires. But so long as he isn't selling people or votes or political influence, so long as he hasn't cornered the market in wheat in a time of drought, so long as his cars aren't death traps, his shirts inflammable, this is a harmless pandering...the exchange is in principle a relation of mutual benefit; and neither the money that the merchant makes, nor the accumulation of things by this or that consumer, poses any threat to complex equality – not if the sphere of money and commodities is properly bounded.'<sup>10</sup> The issue, for Walzer, is not whether the market as such is compatible with equality (it isn't, strictly, but it does what it does well). The problem is that 'money seeps across all boundaries'<sup>11</sup>, and the challenge for egalitarians is therefore to keep it in its place.

Some of the feminist writing on prostitution or contracts for surrogate motherhood has followed a similar train of thought, taking issue not with the market per se as with the appropriateness of markets in women's sexual or reproductive labour.<sup>12</sup> In her critique of commercial surrogacy, for example, Elizabeth Anderson avoids the suggestion that the norms of the market are in principle unattractive or anti-egalitarian, but focuses on where these norms legitimately apply. 'To say that something is properly regarded as a commodity is to claim that the norms of the market are appropriate for regulating its production, exchange and enjoyment'<sup>13</sup>: this suggests nothing particularly disreputable in market norms. The problem, for Anderson, arises when these are applied to the way we allocate and understand parental rights and responsibilities or the way we treat women's reproductive labour, for when this happens, 'children are reduced from objects of love to objects of use' and women 'from subjects of respect and consideration to objects of use'.<sup>14</sup>

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<sup>10</sup> Michael Walzer (1983) *Spheres of Justice: A Defence of Pluralism and Equality* Blackwell:110

<sup>11</sup> Walzer:22

<sup>12</sup> For example, Debra Satz (1992) 'Markets in Women's Reproductive Labor' *Philosophy and Public Affairs* 21: 107-31, and (1995) 'Markets in Women's Sexual Labor' *Ethics* 106: 63-85

<sup>13</sup> Elizabeth Anderson (1990) 'Is Women's Labor a Commodity?' *Philosophy and Public Affairs*,14: 72.

<sup>14</sup> Anderson: 92.

Walzer's approach is commonly regarded as the antithesis of ideal theory: he describes himself as 'radically particularist', grounding his normative claims in the shared meanings of existing societies, and standing 'in the cave, in the city, on the ground'.<sup>15</sup> Anderson also represents herself as a contextual theorist, more in tune with the classical economist's understanding of the norms and institutions that constitute market society than the radical abstractions of their neo-classical successors.<sup>16</sup> This particular mode of market accommodation is unlikely, then, to provide the best illustration for my thesis, but I include it as further evidence of the sustained turn towards the market in liberal egalitarian thought.

A third mode of market accommodation fits more closely with my thesis, and is particularly associated with Ronald Dworkin. Writing in 1981, Dworkin noted that the market was widely perceived as the friend of efficiency and freedom but the enemy of equality.<sup>17</sup> Egalitarians, by implication, had to balance out these competing concerns (perhaps – though he did not say this – along the lines suggested by Rawls). Against this, Dworkin endorsed the hypothetical market as an actively equalising force, arguing that 'the idea of an economic market, as a device for setting prices for a vast variety of goods and services, must be at the center of any attractive theoretical development of equality of resources'.<sup>18</sup> (This means, incidentally, that he is willing to see it applied in areas such as the provision of health, where Walzer would regard it as inappropriate.) Dworkin was not endorsing the actual operations of actual markets – far from it - but he drew on explicitly idealised models of the market, like the clamshell auction or hypothetical insurance market, to tease out the implications of equality of resources.

In many ways, indeed, Dworkin's use of an idealised market is more central to his arguments than the choice/circumstance distinction that subsequently became so

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<sup>15</sup> Walzer: xiv

<sup>16</sup> Elizabeth Anderson (2004) 'Ethical Assumptions in Economic Theory: Some Lessons from the History of Credit and Bankruptcy' *Ethical Theory and Moral Practice* 7; see also (1993) *Value in Ethics and in Economics* Cambridge, Mass. Harvard University Press.

<sup>17</sup> Ronald Dworkin (1981) 'What is Equality? Part 1 Equality of Welfare' *Philosophy and Public Affairs*, 10/3; (1981) 'What is Equality? Part 2 Equality of Resources' *Philosophy and Public Affairs*, 10/4 These are reprinted virtually unchanged in *Sovereign Virtue*, so page references for quotes are from the later book.

<sup>18</sup> Ronald Dworkin (2000) *Sovereign Virtue: The Theory and Practice of Equality* Harvard University Press: 66

much associated with his work.<sup>19</sup> He sees the market as an invaluable mechanism revealing to us the ‘true’ costs of our preferences, for it is through the market that we can work out what kind of burden our choices about our lives place on others. The market (this is still the hypothetical, not the corrupted real one) delivers us the necessary combination of equality and respect for diversity, for with everything up for sale, at prices that reflect only what people are willing to pay, what each of us ends up with will be the unique combination of goods and services we really want. What is more, none of us will be making unreasonable – inequitable – demands on the others in getting it. In the hypothetical insurance market, for example, Dworkin imagines what the average person would be willing to pay to insure against the catastrophe of poor health or limited talent – how much risk she would be willing to bear, how much potential income she would be willing to set aside as protection – and uses this to tease out the true costs of preferences. If we were to ask people what they thought ‘society’ or some unspecified other person should pay to protect them against misfortune, we might get very different answers. It is through focusing attention on what people are willing to pay themselves that we can get at their ‘real’ preferences.

At the heart of Dworkin’s understanding of equality is the notion that ‘people should pay the price of the life they have decided to lead, *measured in what others give up in order that they can do so* (my emphasis)’.<sup>20</sup> The market provides the mechanism for assessing what the social resources devoted to any one of us actually costs by measuring what these resources are worth to others. It also provides us with the best possible device for avoiding paternalism, perfectionism, arbitrariness, or just the disdain of those who do not happen to share our values. As Dworkin puts it, ‘respect for the personal judgments of need and value that citizens have actually made, or would be likely to make under appropriate conditions’, in exercising responsibility for their own lives, is central to the hypothetical insurance market strategy. This makes it ‘the very opposite of paternalistic’.<sup>21</sup>

To achieve all this, of course, ‘the market’ has to be very unlike the real markets we see all around us: most importantly, it has to be something we enter on (reasonably) equal terms. The clamshell auction on the desert island would have no credibility as a model of equality if the immigrants had struggled ashore with different

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<sup>19</sup> Dworkin himself did not initially use this distinction: it was Cohen who identified it as a defining theme in his work. GA Cohen (1989) ‘On the Currency of Egalitarian Justice’ *Ethics*, 99

<sup>20</sup> Dworkin *Sovereign Virtue*: 74

<sup>21</sup> Dworkin: 319



amounts of money or stolen from one another. ‘We must not lose sight of that fact...in any reflections on the applications of that argument to contemporary economic systems. But neither should we lose sight, in our dismay over the inequities of those systems, of the important theoretical connection between the market and the concept of equality of resources.’<sup>22</sup> The object, at this stage, is ‘the design of an ideal, and of a device to picture that ideal and test its coherence, completeness, and appeal.’<sup>23</sup> The market enters in what Dworkin describes as a positive but servile way: positive, because the model enables us to measure opportunity costs; but to be abandoned or constrained when analysis shows that actual markets have failed in this task.<sup>24</sup>

Interestingly, Elizabeth Anderson also represents markets as actively equalising, though in an argument that stresses real, historical, markets rather than a hypothetical one. Anderson’s argument revolves around the way markets are embedded in particular laws of contract and generate movements for particular kinds of state regulation, and her argument is better understood as making a case for the virtues of particular forms of capitalism rather than the market per se. Following the classical rather than neo-classical economists, she argues that a market-based economy is the only credible basis for a society of equals, because it dispenses with servile relationships. ‘Capitalism, by enabling ordinary people to make a living without depending on noblesse oblige, thereby transformed the moral economy of social standing to a more egalitarian and potentially universalizable footing.’<sup>25</sup> Or in the famous quote from Adam Smith, ‘It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest’<sup>26</sup>.

When Smith said this, he was not only celebrating the co-ordinating force of self-interest. He was also pointing to the contrast with what he described as the ‘servile and fawning’ way people used to have to ingratiate themselves with those they wished to do them a service. In a market society, we do not have to placate others; we just have to have the money. When we buy a good or service, we are primarily concerned with what it costs and whether it meets our needs, and will not

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<sup>22</sup> Dworkin *Sovereign Virtue*: 70

<sup>23</sup> *Sovereign Virtue*: 73

<sup>24</sup> *Sovereign Virtue*: 112

<sup>25</sup> Elizabeth Anderson (2004) ‘Ethical Assumptions in Economic Theory: Some Lessons from the History of Credit and Bankruptcy’ *Ethical Theory and Moral Practice* 7:352

<sup>26</sup> Adam Smith *The Wealth of Nations* Book 1, Chapter 2

(in principle) give a moment's thought to who is selling it. When we decide which candidates to select for a particular job, we are primarily concerned with who can best carry out the work, and will not, in principle, give a damn about whether the candidates are male or female, black or white, recent migrants or from the oldest family in town. The very impersonality and anonymity of the market (what some critics have objected to under the rubric of alienation) is said to make it indifferent to distinctions of gender, race, or social status. In her endorsement of this, Anderson is clear that markets cannot embody relations of equality when people lack equality in bargaining power, and her vision of market society is one where everyone is secured against destitution, and there are laws protecting the rights of tenants against landlords, guaranteeing workers their right to organise into unions, preventing the rich from abusing their wealth to establish social hierarchies, and so on. As already noted, she also thinks the market must be kept firmly in its place, and is opposed to markets in women's reproductive labour or markets in sex. But like Dworkin, she regards the market as an important force for equality - not so much, in her case, for teasing out what people really want or are prepared to pay, but in undermining relations of servility.<sup>27</sup>

These are big claims, but insofar as they are claims about markets as ideal types it becomes almost impossible to assess them. Even with Anderson's more contextualised understanding of markets and capitalism, there is no easy way in which the realities of contemporary market society can be brought to bear in assessing the validity of the theoretical claims. Mountains of evidence about the inequalities and favouritism of existing markets will not of themselves prove the case, for these can always be taken as showing that the equalising powers of the market have not yet been fully unleashed. (This is part of what I mean when I say that arguments about the market and equality lend themselves to a tendency not so much to 'explain' as to 'explain away'.) The idea that market relations corrode older prejudices, for example, has to have something going for it: it cannot be total coincidence that the last fifty years has witnessed the greatest world-wide incorporation of women into the labour market and one of the most revolutionary periods yet as regards gender relations. Yet markets everywhere continue to be characterised by systemic differentiation by

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<sup>27</sup> See also David Miller (1989) *Market, State and Community: Theoretical Foundations of Market Socialism* Oxford, Clarendon Press. for an endorsement of the anonymity and impersonality of the market.

gender and race. Are we to attribute this to the presence or the absence of markets, to their dominance or incomplete development? Since what is at stake is never pure market versus pure non-market (neither of which exists), it becomes almost impossible to determine whether the many contra-indications reflect the continuing strength of non-market forces or the absurdity of the notion that markets promote equality.

In an earlier paper assessing claims – in this case, mostly by non-egalitarians - about markets eroding partiality and promoting toleration, Iain Hampsher-Monk noted that one of the difficulties in challenging such views was that no amount of empirical evidence about the persistence of discrimination was going to be recognised as decisive. ‘The market ideologue is apt to respond to apparent instances of the free market’s failure to realize its predicted virtues with the observation that the world must be falling short of the demanding characteristics of the ideal market and should be rearranged forthwith.’<sup>28</sup> That the real world falls short may be regarded as a parochial irrelevance, for it is the ‘perfect market’, the ‘market as ideal type’, on whose behalf the claims are being made. Hampsher-Monk has a particularly ingenious response to this that I shall come back to later, but for the moment it is the general point that matters. Simply countering claims made on behalf of an ideal market with evidence of the deficiencies of actual markets will be derided as failing to understand the role of abstraction. When applied to egalitarian theorists who employ the hypothetical market precisely so as to highlight the imperfections of actual ones, it will be seen as entirely missing the point.

In what follows, I do not directly address claims about markets promoting equality (though it will no doubt be apparent that I am sceptical of such claims). My question, rather, is whether the turn towards the market exemplifies one or more of what I distinguish as three idealising moves. If so, can it be said to illustrate some of the problems with those moves?

### ***1. The critique of abstraction***

Though we owe much of the current language of ideal and non-ideal theory to Rawls, I start with a different literature (one that has been more formative for me) that centres on the abstractions of the citizen or individual. This is primarily a feminist literature -

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<sup>28</sup> Iain Hampsher-Monk (1991) ‘The Market for Toleration: a Case Study in an Aspect of the Ambiguity of “Positive Economics”’ *British Journal of Political Science*, vol 21: 30

though we can trace an interesting line from Carole Pateman's *Sexual Contract* to Charles Mills' *Racial Contract* and on to Mills' contribution to the critique of ideal theory.<sup>29</sup> The main argument here is that the abstraction fails in its proclaimed neutrality. The figure of the white male lurks behind the innocently depicted citizen, excluding or marginalising the racialised and gendered other.

In its origins, the abstract citizen or individual was entirely deliberate, and mostly well-intentioned. It was through differentiating what was essential from what was contingent that liberals and egalitarians were able to propose that we ignore social differences of wealth and status, overlook biological differences of ability and strength, and focus on what makes us all human, therefore deserving of equal respect. But the representation of the individual, not just as disembodied (the communitarian critique) but also as disembodied (the feminist critique) meant that features historically specific to particular groups of individuals got tangled up in the supposed abstraction. Most notably, the individual was conceptualised in the image of the male: the evidence for this, paradoxically, being precisely the extent to which the male body disappears from view. The male body becomes invisible as the taken-for-granted norm, while the female body (what Nirmal Puwar describes as the body out of place<sup>30</sup>) carries a burden of doubt, is associated with difficulties and problems, is thought to require 'special' treatment or concessions, and generally lacks authority. By the same token, those who constitute the dominant group have no racial or ethnic characteristics –they are able to figure simply as 'individuals' – while the racial characteristics of the rest become hyper-visible.

That this has happened is easy enough to establish: we need only trawl through classic texts in liberal and egalitarian theory. The more challenging claim is that it is impossible to construct disembodied conceptions of the individual without introducing some kind of hierarchy, or some version of an us/ them differentiation. The claim here is that we cannot consistently think outside the constraints of lived, embodied, experience, and that somewhere along the line, particular kinds of bodies and particular kinds of people are going to enter into even the most abstract of conceptions. In any given society, there may be some abstractions we can genuinely

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<sup>29</sup> Carole Pateman (1988) *The Sexual Contract* Cambridge: Polity Press; Charles W Mills (1997) *The Racial Contract* Ithaca: Cornell University Press; Charles W. Mills (2005) "'Ideal Theory" as Ideology' *Hypatia*, 20.3: 165-184. For a discussion of the relationship between their ideas, see also Pateman and Mills (2007) *Contract and Domination* Cambridge: Polity Press.

<sup>30</sup> Nirmal Puwar (2004) *Space Invaders: Race, Gender, and Bodies Out of Place* Berg.

manage: it might be, for example, that in a society where nothing at all attached to whether people believed in god or which god they believed in, we could construct an image of the citizen that in no way privileged one religious group over another. It might be (I find this even harder to imagine) that in some future world where nothing attached to gender, we would be able to talk of the rights of the individual or roles of the citizen without in any way conjuring up either a male or female norm. The notion, however, that we can achieve the necessary distance simply by the act of abstraction - simply through the power of thought - is almost certainly mistaken. We live our lives as embodied individuals, and cannot so readily separate out mind from body.

How might this kind of argument link to the idealisations and abstractions of the market? This is not, remember, a question about whether actual markets correspond to what is offered as the hypothetical or ideal: as in the parallel of the abstract individual or citizen, the whole point of the abstraction is that it isn't intended to correspond. Nor is it even a question about whether some contingent aspect of existing markets has been mistakenly attached to the depictions of the ideal. If that were the issue, the feminist critique of the abstract individual would simply be that liberals talked of the individual but in practice really meant white men; or talked of the individual but in practice meant heads of household. That has of course been said,<sup>31</sup> but if that were all, it would be open to liberals to dismiss this as the bad old history of the tradition, and one that today's liberals can put behind them. By extension, it would be open to theorists of the market to apologise for slipping in specific aspects of particular markets when they talked of the virtues of the market, and promise to do better next time. The question is not whether actual markets correspond to the ideal type (clearly, they don't). The deeper question is whether, even in the most abstract formulations of 'the market', certain kinds of norms creep in.

In the 'pure' model of economic theory – taken over, I would suggest, in much of the Rawlsian deployment of the market - this is not supposed to happen. Prices, for example, are not supposed to reflect the costs of production, and certainly not the intrinsic (or worse still, moral) value of a commodity, but simply the current equilibrium between supply and demand. There is no 'right' price. As Hayek put it, 'current prices... have no necessary relation to what has been done in the past in order

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<sup>31</sup> For example, in Susan Moller Okin's critique of Rawls in *Justice, Gender and the Family* Basic Books, 1989.

to bring the current supply of any particular good on the market',<sup>32</sup> for however much effort it took to produce a particular commodity, the good becomes worthless if no-one now wants it. If preferences change and demand collapses, so too will the market value. If demand rises without a corresponding increase in supply, so too will the price. Norms of fairness are not supposed to play any role in this.

But just as it is hard to imagine an individual without that individual assuming embodied form, so it is hard to conceive of market transactions taking place *unmediated in any way* by norms, codes, social conventions or expectations.<sup>33</sup> Geoffrey Hodgson defines the market 'as a set of social institutions in which a large number of commodity exchanges of a specific type regularly take place, and are to some extent are facilitated and structured by those institutions.'<sup>34</sup> In this understanding of the market – considerably more plausible than the abstractions of the pure model – the social institutions and conventions, which will vary through time, cannot be separated from what makes market transactions work. Prices, including prices for labour, are not established in a vacuum. In particular, people will have prior notions as to what is a reasonable price for a particular good or service, or a reasonable wage for a particular job; and as feminists have commonly argued, this latter will often incorporate historically generated norms about men's and women's work.<sup>35</sup> Employers will commonly take account of prevailing norms in setting rates for a job, and suppliers will commonly take account of them in setting prices for services or goods. Representing these socially generated ideas of worth as *external* to the operations of the market – perhaps as historical contingencies, or leftovers from some pre-market past – simply presumes in advance that we can sensibly talk of a 'pure' market untouched by these.

In 'Economists Favour the Price System – Who Else Does?', Bruno Frey discusses the example of a Toronto hardware store that raised the price for snow shovels from \$15 to \$20 after a heavy snow storm, and was roundly condemned by Toronto residents who regarded this as 'unfair' practice.<sup>36</sup> In the idealised market, raising prices is an entirely appropriate response to a shortage in supply. This sends out signals to hardware stores in other towns that it might now be worth their while to

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<sup>32</sup> F A Hayek *Law, Legislation and Liberty: a new statement of the liberal principles of justice and political economy* (Routledge 1993 edition,) 116

<sup>33</sup> This is also part of Anderson's argument.

<sup>34</sup> Geoffrey Hodgson (1988) *Economics and Institutions* Polity: 174

<sup>35</sup> For example, Anne Phillips and Barbara Taylor (1980) 'Sex and Skill' *Feminist Review* 6: 79-88

<sup>36</sup> Bruno S Frey (1986) 'Economists Favour the Price System – Who Else Does?' *Kyklos* 39/4: 545

ship in some of their own snow shovels; sends out messages to poorer consumers that they might now be better off making their own shovels; and generally brings about a new equilibrium of supply and demand at a new price. In reality, however, norms of fairness may constrain what suppliers will do. They may fear losing the good will of their customers if they engage in what is seen as sharp practice, and may not raise prices every time there is a shortage even if the result is that customers have to queue and that some of those willing to buy at a higher price go without. Norms of fairness, including norms of what people do or do not deserve for their work, play a part in establishing prices even within market systems. If so, the question of what these norms are – and whether they are legitimate – remains a central issue.

The further point raised by Hampsher- Monk is that the neutrality claim often made on behalf of markets may be incoherent, because markets must either presume or else promote particular norms. If prices do not reflect intrinsic value, but are simply the outcome of myriad consumer preferences, this clearly means there is no such thing as a ‘natural’ price. In principle, any commodity can attract any price, and it all comes down to the relationship between consumer preferences and what is currently available for sale. But in that case, he argues, there is no reason to rule out people paying a premium for their prejudices – employers paying more to have men working for them rather than women, for example, or shoppers paying more to buy their goods from white sales assistants rather than black. More precisely, the only reason why this could not happen would be if the preference for maximising one’s money holdings always wins out over what we might term a preference for discrimination. Yet if we think of the preference for maximising money holdings and the preference for discrimination just as two different preferences – as the market model, with its supposed lack of interest in the nature of preferences, would seem to suggest – it is not obvious that we can assume that everyone wants the first. ‘If it turned out to be empirically demonstrable that paradigmatically free markets did, as a matter of fact, erode discriminatory... preferences while sustaining narrowly ‘economic’ ones, this would, ironically, *disprove* the claim that the market mediated neutrally between participants’ preference schedules.’<sup>37</sup> Either the ideal type of the market *assumes* that we will prefer money to our prejudices (in which case it has imported a substantive

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<sup>37</sup> Hampsher-Monk: 42

norm). Or actual markets *actively encourage* us to do so (in which case they cannot be neutral and agnostic between preferences).

Both Rawls and Dworkin rule out the impact of prejudice – Rawls through a principle of fair equality of opportunity, Dworkin through a principle of independence that rules out auction bids that fail to treat members of the community with equal concern – so my point here is not that either lacks the intellectual resources to challenge discrimination. The point, rather, is that markets cannot be conceived as neutral devices generating principles of equitable treatment when they operate through historically specific conventions and norms that may or may not (and this then becomes a historical, not conceptual question) promote equality. The relevance of this should become clear in my final section.

## ***2. Rawls' contrast between ideal and non-ideal theory***

In the figures of the individual and citizen, or the abstraction of the market as discussed above, the abstraction is not intended to carry any normative implications. It is 'ideal' simply in the sense of being an ideal type, supposedly stripped of contingency and accident. In Rawls' formulation, by contrast, ideal theory refers simultaneously to an abstraction from reality and to what is normatively ideal. Ideal theory is said to provide us with the principles of justice or morality appropriate to a world in which institutions and individuals already comply with the obligations of justice or morality. It deals, that is, with the principles of justice in a well-ordered society where 'everyone is presumed to act justly and to do his part in upholding just institutions'.<sup>38</sup>

The plausible object of this idealisation is to abstract from the effects of inequitable institutions or the problem of 'bad' people so as to focus our minds on what justice requires. So we would not, for example, ask what counts as a fair university admissions policy in a world marked by major inequalities of wealth (that being a problem for non-ideal theory), but would assume that the economic system was just, and focus on what ought in this context to be the procedures governing university admissions. We would not ask whether it was fair to require people to tell the truth when everyone around them is an expert in deception, but would work out the rules governing truth-telling on the assumption that everyone was complying with

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<sup>38</sup> John Rawls *A Theory of Justice*: 8



them. Rawls sometimes talks as if non-ideal theory is about the principles we need to deal with injustice (comprising ‘the theory of punishments, the doctrine of just war, the justification of the various ways of opposing unjust regimes’<sup>39</sup>) as if the spheres of ideal and non-ideal theory refer to entirely different domains. At other points – more helpfully, in my view - he represents non-ideal theory as dealing with the adjustments we have to make to ideal theory when faced with ‘natural limitations and historical contingencies’.<sup>40</sup>

Rawls is somewhat opaque in explaining how ideal theory then informs non-ideal, but we can derive a useful illustration from Cecile Fabre’s investigation of what rights individuals have as regards the provision of bodily services, and whether it is permissible to sell body parts. Fabre begins from what she describes as ideal theory: ‘I assume that individuals’ needs for material resources are already met, so that no one lacks, through no fault of their own, access to housing, minimum income, or the kind of health care which does not necessitate body parts.’<sup>41</sup> The point of this abstraction is to help us work out exactly what it is we object to when we object to certain kinds of bodily transactions. If we were judging the acceptability of organ sales in the context of the ‘real’ world, where some people are so impoverished that they risk death to sell kidneys to rich invalids, and where the trade in body parts involves fraud, manipulation of the most vulnerable, and organised crime, we might conclude –but perhaps too readily - that the sale of body parts is morally indefensible. The abstractions of ideal theory enable us to work out whether our objections lie in those facts of global inequality, or in more contestable claims about the integrity of the person being bound up in the integrity of the body, or people not having the right to dispose of their bodies as they wish. The abstraction asks us to set to one side, for later consideration, all those objections that stem from the imperfections of contemporary society.

This looks helpful as a way of clarifying intuitions about justice, and I would not want to rule it out as a useful theoretical device. But it begs the question (asked by other contributors to this issue) of whether the intuitions formed under the assumption of compliance can provide a useful guide to the dilemmas that face us in the non-compliant world. Those defending ideal theory recognise, of course, that we may have

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<sup>39</sup> *ibid*

<sup>40</sup> Rawls: 246.

<sup>41</sup> Cecile Fabre (2006) *Whose Body is it Anyway?* Oxford University Press:8

to modify the initial principles once we add in the facts of non-compliance. We might, for example, decide to ban the sale of body parts, even if we have concluded that individuals have a moral right to buy and sell, because of the risks of encouraging what is currently an unscrupulous trade. The issue is not whether ideal theory can ever make itself more realistic, can ever move beyond the first stage. The question is whether this way of setting things up – first check out the moral intuitions under conditions of abstraction, then see if other considerations alter the picture – already rigs the outcome in a particular way.<sup>42</sup>

In discussions of the market, economists very commonly make a Rawlsian 'ideal theory' manoeuvre when they discuss the appropriateness of the price mechanism in such matters as reducing congestion on the roads or cutting carbon emissions. They assume, most notably, that the distribution of incomes is equal. They take the complications of income inequality out of the picture - in Rawlsian language, they assume compliance - and then consider the advantages of rationing through the price system against the risks of rationing through direct regulation. Under the assumption of equal incomes, the price mechanism always wins. It turns out to be fairer, more effective, better for the environment, better for everyone, to impose, say, a congestion charge on all cars entering a crowded city than to ration entry according to registration numbers, or increase subsidies on public transport, or build more roads. To put a Dworkinian gloss this, those who really appreciate the privacy and convenience of a car, will be prepared to pay the premium, while those who attach more value to other things will happily travel by bus; neither envies the other's choice and there are fewer cars on the road.

The worried social critic then points out that incomes are *not* equal, and that congestion charges effectively deny access to motorists on low incomes while making the drive into the city a more delightful experience for those who can afford to pay. In my experience, the economist typically replies that this is a separate or subsequent matter, to be dealt with by some compensatory policy for the poorest, or through redistributive taxation. The point to note is that it is very rare for the complications attached to an unequal distribution of income to lead to serious reconsideration of the

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<sup>42</sup> Charles Mills argues, plausibly to my view, that adding racial injustice in at a second stage of a theory of justice is likely severely to skew the analysis. 'For when racial oppression has been central rather than marginal – as has obviously been the case in the United States – it is absurd to utilize without modification a conceptual apparatus that presupposes race-neutral inclusion, color-blind universalism, and egalitarian political input as the actual dominant norms'. Mills *Contract and Domination*: 108.

policy selected under ‘ideal’ conditions. If so, it looks as if the initial abstraction is not just simplifying the picture in order to clarify the issues at stake. It is loading the dice in favour of a particular solution.

In political, as opposed to economic theory, the tendency has mostly been in the opposite direction, with the market model abandoned or overridden at the point where its implications conflict with other moral intuitions. This makes it a lot more palatable – but leaves one wondering just how useful the hypothetical model has been. Consider Dworkin’s application of the hypothetical insurance model to health care. He makes three idealising assumptions: that the resources people can command are as nearly equal as possible; that everyone has state-of-the-art knowledge about the costs and side-effects of particular medical procedures; and that no-one has access to information about the susceptibility of particular individuals to particular diseases. With these assumptions in place, the market model is supposed to aid collective decision making about medical expenditure by modelling what choices prudent individuals would make if they knew they had to carry the costs of their choices themselves. Dworkin argues, for example, that very high levels of medical expenditure in the US reflect the fact that most decisions about the purchase of health care are made by patients and doctors, while the costs are borne by insurance companies, ‘so that those who make the decisions have no direct incentive to save money’.<sup>43</sup> The object of the market model – and this is familiar terrain from neo-classical economics - is to promote decisions that more genuinely reflect ‘what people would decide to spend on their own medical care, as individuals, if they were buying insurance under fair free-market conditions’.<sup>44</sup>

In his discussion of this, Lesley Jacobs has argued that it is impossible to say that health care decisions should reflect what well informed people, carrying the real costs of their preferences, would choose *and* that there should be universal access to health care.<sup>45</sup> The implication of the first, he suggests, is that even health benefits ought to be paid in convertible cash, and once that happens, it will no longer be possible to maintain a universal health service. There seem no good grounds, for example, for refusing the AIDS patient who says he prefers to take certain resources in cash rather than see the money spent on expensive medical equipment that might only marginally

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<sup>43</sup> Dworkin:310

<sup>44</sup> Dworkin:317

<sup>45</sup> Lesley A Jacobs (2004) ‘Justice in Health Care: Can Dworkin Justify Universal Access?’ in J Burley (ed) *Dworkin and his Critics* Blackwell

prolong his life. There therefore seems no basis on which a Dworkinian egalitarian can insist that all sick people have access to health care. Dworkin replies (reasonably enough) that a government committed to equality of resources can still constrain choices in some circumstances, and can legitimately decide that health insurance should be mandatory, not therefore exchangeable for cash. Apart from paternalistic reasons – which he does not rule out - sick citizens are expensive, and ‘particularly expensive to a community of decent people who will not let the indigent die or suffer for lack of medical care’.<sup>46</sup>

I share Dworkin’s substantive position on this, but it seems to me that his response still leaves Jacobs essentially right. If one of the justifications for the market model is that it respects our personal judgments on what something is worth to us, it should in principle take its even-handedness all the way down. If even a broadly anti-paternalist like Dworkin is unwilling to pursue this to its conclusion, preferring to override the strict market model at the point where it conflicts with other moral intuitions (like those of a ‘community of decent people’), then the hypothetical market is doing less of the normative work than was originally proclaimed. Unlike their libertarian counterparts, liberal egalitarians do not back themselves into indefensible positions through their deployment of the market model. They typically stop short of this, either stressing the enormous gap between their idealising assumptions and current realities, or – as seems to be happening in this instance - drawing on some additional moral intuition that justifies a departure from market norms. That they stop short of unpalatable conclusions is part of what confirms them as egalitarians. The worry, then, is not so much that endorsement of the market model commits liberal egalitarians to more inequalities than they desired or intended, for they always have a get-out clause when that point is reached. The worry is that endorsement of the market model may blind them to more radical alternatives.

This is where an earlier point about needing to focus more on the substance of market relations rather than just general principles of market exchange becomes especially pertinent. There has been a lot of discussion in recent years about the narrow distributional paradigm of much contemporary egalitarianism: the tendency to theorise equality as a fair distribution of things, rather than as equality in

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<sup>46</sup> Dworkin *Sovereign Justice*: 361

relationships.<sup>47</sup> One of the strengths of the alternative ‘relational’ approach is that it directs attention to the substance of market relations, focusing on the power hierarchies involved in particular wage contracts or the social disrespect involved in particular consumer relations, and arguing that these are as important in the delineation of an egalitarian society as the distribution of material resources. In the more abstract endorsements of ‘the market’, the nature of social relations, including whether they involve hierarchies of power, is less to the fore. While the average liberal egalitarian will readily abandon the market model when it leads to what she regards as unacceptable inequalities in distribution, she may not be so quick to notice unacceptable hierarchies of power or respect.

### ***3 Ideal theory and the fact/value distinction***

There is a third, looser, notion of ideal theory that comes into play when people say we need to work out the ideals of justice or equality –the dreams of paradise - *before* testing these against considerations of feasibility. The argument here is not that sustaining a clear distinction between ideal and non-ideal helps clarify the grounds of our intuitions about justice, but that starting from the constraints of the non-ideal world can so much lessen our ambitions that we end up commending only some mildly improved version of the status quo. John Roemer, for one, argues ‘that one must know what the ethically desirable policy is before compromising for the sake of political reality. Let us not mix ethics and political pragmatism, but rather remain clear on the distinction between what is right and what compromises are necessary, because our societies have not yet embraced what is right.’<sup>48</sup> Cohen, too, argues for a clear distinction between the demands of equality and justice, and perceptions of what is politically feasible. He acknowledges, after all, that incentives are necessary to motivate higher levels of production, and it might be said that if he accepts that necessity for incentives, then his critique of their moral grounding is a bit beside the point. But it is important for Cohen not to mis-describe a compromise with the

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<sup>47</sup> Including: Iris Marion Young (1990) *Justice and the Politics of Difference*, Princeton University Press; Elizabeth S Anderson (1999) ‘What is the Point of Equality?’ *Ethics* 109/2:287-337; Samuel Scheffler (2003) ‘What is Egalitarianism?’ *Philosophy and Public Affairs* 31/1: 5-39; John Baker, Kathleen Lynch, Sara Cantillon, Judy Walsh (2004) *Equality: From Theory to Action*. Palgrave Macmillan; Chris Armstrong (2006) *Rethinking Equality: The Challenge of Equal Citizenship* Manchester University Press

<sup>48</sup> John Roemer (2000) ‘Equality of Opportunity’ in Kenneth Arrow, Samuel Bowles, Steven Durlauf (eds) *Meritocracy and Economic Inequality* Princeton University Press (check page)

patterns of motivation currently characteristic of market societies as if this represents real principles of justice. ‘Philosophers in search of justice should not be content with an expedient compromise.’<sup>49</sup>

Again, we can see the point. Anyone who lived through the heady decades of the 1960s and 70s will be aware of a radical curtailment of egalitarian and democratic ambitions that has occurred since that period. Questions of feasibility have pushed considerations of justice off the agenda, and worries about appearing foolishly utopian have supplanted worries about not being radical enough. Previously significant discourses on the role of utopias in stretching the imagination and breaking the confines of hegemonic thought have fallen out of fashion, and the range of considered alternatives has very significantly narrowed. With this closure of possibilities in mind, there seems good reason to promote more ideal theory, not less. When considering the first two meanings attached to ideal theory, I suggested that its deployment could encourage too much tolerance of market pricing or market models. In this third meaning, ideal theory is designed precisely to challenge that tendency by pushing questions of feasibility (including questions of market efficiency) into second place. It would then be entirely coherent to challenge the first two versions of ideal theory while wholeheartedly embracing the third.

Yet when applied to the market, there are also problems here, for the separation between ideal and delivery can encourage a fact/value distinction that reinforces notions of the market as a relatively neutral tool. This, in a sense, has been the strategy of post Rawlsian egalitarians, who recommend leaving the market to do its work in generating the wealth, while drawing on ideal theory to identify the appropriate principles for taxation and redistribution. This is a clear implication of the now widespread compensation discourse, for compensation is usually understood as something that occurs after the event, and is therefore separated in time as well as conceptually from the process of wealth generation. It also tends to be the message of the alternative discourse of equality of opportunity, for example in Roemer’s work, where the object of criticism is not so much the market system of rewarding occupations (which may simply reflect laws of supply and demand), but the tendency to reward certain *types of people* differently even when they have put in identical

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<sup>49</sup> Cohen ‘Incentives, Inequality and Community’: 329

amounts of effort.<sup>50</sup> For Roemer, the equalising adjustments are better timed before the event than after, for example, through hefty public spending on the education of those social groups whose efforts still leave them clustering in the ranks of the unemployed or lowest paid. But whether the language is of compensation or equality of opportunity, there is a tendency to separate out the norms that should regulate distribution and/or re-distribution from the practicalities that supposedly govern production.

Whether we can usefully separate out the principles that regulate production from those that regulate distribution has long been an issue in Marxist debate; and is part of what is currently at issue in arguments between distributional and relational conceptions of equality. The other main worry is that the separation understates the impact that living in a market society has on norms of fairness or equality, and presumes too readily that it is possible to pick out the ‘good’ elements of a market society while discarding or modifying the ‘bad’. If the market is not, as I have suggested, simply an organising tool with semi-miraculous qualities of efficiency, but a set of institutions and conventions that embody their own norms, this ‘pick and choose’ approach to the market may not be so readily available.

Markets are only able to operate because of the codes and conventions that inform and regulate market behaviour. These conventions are not amoral, but likely, on the contrary, to involve particular norms, including particular understandings of desert. If so, then one of the major difficulties in welding strong conceptions of equality onto a market system of pricing and rewards is that markets may encourage precisely those notions of personal entitlement that egalitarians have been trying to challenge over the last three decades. In particular, the very experience of living in a market society may make the average citizen cling more firmly than ever to the notion that she does indeed *deserve* what she gets on the market. And the more we hear about the supposed fairness or neutrality of the market, the more convinced we may become that what falls into our lap by virtue of a relatively untrammelled market is, fairly, ours.

I do not mean, by this, that people living in market-dominated societies become incapable of formulating any criticism of the inequalities they see around them: this is patently not the case. People very commonly espouse moderate through

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<sup>50</sup> John Roemer *Equality of Opportunity*

to radical notions of equality of opportunity. They commonly think it unfair when two people who have worked equally hard end up with very different earning potential, just because one was fortunate enough to be sent to a well resourced private school and the other grew up on a sink estate. To this extent, they share with contemporary liberal egalitarians the perception that people should not suffer because of their bad luck; though they tend to be more tolerant of the idea that people can benefit from good luck, and less convinced than the typical post-Rawlsian egalitarian of the unfairness of one person being born more talented than another. It is evident, moreover, that many people living in market-dominated societies regard the extraordinary recent payments to top executives as illegitimate,<sup>51</sup> which suggests considerable resistance to market principles of reward. Yet when we consider this last, it seems more likely that criticisms of company executives arise because they are seen as people using their positions of power to pay themselves obscene amounts of money. They are seen, in other words, as examples of what goes wrong when something *other than the market* is at work. Even in their criticisms, people can then be said to reproduce market ideas of fairness. The norms against which they assess actual transactions are deeply embedded in the practices of market exchange.

Marx argued in the *Critique of the Gotha Programme* (1875) that equal right can never be higher than the economic structure of the society in which it is formulated, and that in a society still stamped by its birth marks from capitalism, it will be impossible to think beyond the principle that regulates the exchange of commodities, the principle of exchanging equal for equal. This aspect of Marx's claim continues to ring true, for markets do seem to sustain a particular conception of equality, a notion of equality as getting back the equivalent of what you gave.

That focus on equivalence is one of the things Dworkin likes about markets, for it is said to force us to think about the 'real' cost of our choices, and real burden they impose on others, and weigh up whether a particular expenditure of effort or resources really is worth a particular outcome. Within the limits of this equivalence, it is clearly possible to think critically about how markets work: I am not offering a fatalistic argument in which no-one ever raises her sights above the limits of market

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<sup>51</sup> For the largest 500 US companies, the ratio of CEO to production worker pay went up from 30 times greater in 1970 to **570 times** in 2000, mostly because of earnings from stock options. Andrew Glyn *Capitalism Unleashed: Finance, Globalization, and Welfare* (Oxford: Oxford University Press, 2006): 58. In November 2006, Income Data Services reported that the earnings of the chief executives of the FTSE 100 companies is now **98 times** the pay of the average British worker.



exchange. As Frey's example indicates, non-economists tend to dislike the classically market ideal of suppliers rationing scarce goods by putting up their prices, while the average economist sees this as better than making people queue or issuing ration cards. If markets do promote and sustain particular understandings of fairness, it seems they can simultaneously sustain the non-economist's idea that prices should reflect costs of production (because consumers ought to pay suppliers the equivalent of what it cost them to produce), and the economist's idea that it is fair for suppliers to put up prices when shortages occur (because if people are willing to pay those prices, they must see the money they pay out as equivalent to the satisfaction they anticipate from the purchase). Note, however, that both these rest on notions of equivalence, *on getting back the equivalent of what you gave*. There is scope for interpreting and reinterpreting that norm, scope for competing understandings of equivalence. But it would be an enormous leap from either of the above to something like the classically Marxist decoupling of input and rewards ('from each according to his ability, to each according to his needs'), or to what Cohen once described as the anti-market principle 'according to which I serve you not because of what I can get out of doing so but because you need my service'.<sup>52</sup> It is a pretty big leap even to the position so many egalitarians have tried to sustain over recent years, in which people are no longer entitled to rewards that flow from the exercise of their own talents.

The third argument in favour of ideal theory is that maintaining a clear distinction between ideals and conditions of implementation helps immunise us against the tendency to reduced ambition. The distinction asks us to work out our values in isolation from, or at least prior to, addressing the facts, but in doing so, it encourages us to think of these 'facts' as having no normative content. Ironically, it then reinforces a tendency to think of the market as inherently neutral between different distributions of resources or different conceptions of the good, as something we can make use of for efficiency (and in Dworkin's argument, also equality) purposes without detracting from or reshaping our normative goals. My suggestion here is that markets do not just generate actual inequalities. The norms and conventions that constitute actual markets also generate understandings of and attitudes towards equality, inclining us to think about fairness and justice in particular ways. If so, it is unclear how useful it can be to construct ideals of justice or equality

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<sup>52</sup> G A Cohen (1994) 'Back to Socialist Basics' *New Left Review* 207:9

in abstraction from the circumstances under which they are likely to be implemented. The separation into two stages looks particularly problematic when it encourages representations of the market as a relatively neutral tool.

### ***Conclusion***

The rapprochement between egalitarians and the market might, in many ways, be taken as a counter-trend to the supposed dominance of ideal theory, indicating a concern with what is feasible, and a willingness to accommodate ideals to reality. This would be a superficial interpretation. In any deeper sense, the flirtation with market metaphors and market models rests on a highly abstract understanding of ‘the market’. In her defence of abstraction, Onora O’Neill distinguished between an idealisation that ascribes false predicates (thus clearly to be avoided) and an abstraction that brackets, rather than denying, certain predicates in order to achieve theoretical advance.<sup>53</sup> As she suggests, bracketing per se is unavoidable: any theory that tried to capture every detail of the phenomena it was analysing would be not a theory but a photograph (and as such, also selective and ‘false’). But the bracketing required to produce the abstraction of ‘the market’ - like the bracketing required to produce ‘the citizen’ or ‘the individual’ - cannot be regarded as neutral in its effects. It brackets off the norms and conventions that regulate the behaviour of markets, including substantive norms about what it is reasonable to pay people or what counts as fair exchange, and in doing so misrepresents markets as more even-handed between different reward systems than is the case. It also brackets off the distribution of income for later consideration. In doing so, it biases policy recommendations in particular – usually less socially ambitious - directions.

Few people today imagine solutions that disregard the market: pretty much all of us recognise that the societies we live in will continue to be organised on broadly market principles for as long as we can anticipate. What that means, however, is that *differences between actual markets, between, that is, one kind of market society and another, become increasingly important in the formulation of egalitarian alternatives.* My argument, in this paper, is that certain idealised ways of talking about ‘the market’ do not help this process. The prospects for a more egalitarian, but still in some sense market, society must surely lie in differentiating more precisely the positive or

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<sup>53</sup> Onora O’Neill (1987) ‘Abstraction, Idealisation, and Ideology in Ethics’ in JDG Evans (ed) *Moral Philosophy and Contemporary Problems* (Cambridge University Press)

genuinely neutral aspects of market exchange from those that are at most odds with equality, and then working to reduce or eliminate the latter. Talk of the market as ideal type encourages us to think we can produce these differentiations directly out of our definitions, putting all the good or neutral aspects on the one side and relegating all the bad to the other. This is not a useful way to address the task of transforming actual market societies in a more egalitarian direction.