

SOCIALIZING MARKETS, NOT MARKET SOCIALISM

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NOW, MORE THAN EVER, we are in need of visions of a different kind of future, a future in which people are liberated from the restriction, distortion, and exploitation of their capacities; and can develop new, egalitarian, forms of community, solidarity and democracy. But we have to steer a difficult course between heroic fantasies, on the one hand, and mechanistic blueprints, on the other. We need imagination – but imagination that has not lost touch with the practical realities of everyday material life.

We want to create new forms of collectivity – but the history of our century has taught us terrible lessons about how collectivities that are not rooted in respect for individual human rights create new forms of restriction, distortion and exploitation of human capacities. So we need to envision a better future in a humble and sober spirit, building upon the glimpses of alternatives that are rooted in our current experience, rather than all-encompassing schemes for social engineering. But at the same time, we need to resist the limitations of the present and the fantasy that an accommodation with big business can deliver a fully human society.

Socialism has always abounded in visions of a life free from the pressure of capitalist market forces, whether in self-sufficient local communities or in democratically planned economies. However, on the whole those visions have not sufficiently taken into account the limitations of small communities or the problems of democratic planning of whole economies. One response has been to construct blueprints of market socialism, in which property is collectively owned or distributed on an egalitarian basis, but enterprises engage in market transactions pretty much as they do in capitalist economies. Another response is to explore

ways in which market transactions can themselves be reshaped, and markets can be socialized, so that people are not confronted with anonymous, uncontrolled, market forces, but can nevertheless enjoy the benefits of decentralization that market transactions can bring. A focus on decentralization is particularly important for envisioning ways in which new forms of community, solidarity and democracy can be international. A series of autarchic local or national economies would constrict and confine people in the development of their capacities. The problem with 'globalization' is not that it is international, but that it is a one-sided internationalism that operates mainly in favour of big business.

This paper is a contribution to the exploration of the path between *the plan* and *the market*, to envisioning not blueprints for market socialism, but possibilities for socializing markets. Markets and money are potentially useful social inventions that predate capitalism, but they always bear the imprint of structures of economic power. During the course of capitalist development, markets and money were subordinated to the dynamic of production for profit and capital accumulation. Markets became institutions through which surplus value is appropriated and realized as private profit. Money became a form of capital, and prices came to incorporate a mark-up, over and above costs of production, so as to generate an unearned income for the owners of capital. Commodities appear in this circuit primarily as vehicles for capital accumulation, not as use values. Money values dominate. This paves the way for the development of purely financial markets, in which financial instruments (shares, bills, bonds, derivatives) are traded at prices which may bear little relation to the underlying situation of the real economy.¹

The way forward in the twenty-first century is not to dream of schemes for eliminating markets and money; but to envision ways of reclaiming and transforming markets and money, so that they become a means of facilitating mutually beneficial exchange, based on a mutually beneficial division of labour, in an economy with an egalitarian distribution of economic power. This means embedding markets in egalitarian social relations, which in turn means exploring ways of transforming the property relations that underlie and shape the current configurations of market institutions. This will require building upon already-existing contradictions and dissonance in capitalist markets, and developing already-existing creative initiatives to socialize markets.

These claims are controversial, and already some readers will be bristling with indignation, or shaking their heads in disbelief ('what can the editors be thinking of to publish this?'). Let me reassure them that if they read on, they will not find an argument for envisioning markets (in whatever form) as the principal, and predominant form, of organizing relations between producers and users; but rather an argument for recognizing that for some goods and services, relations between producers and users will be better organized through socialized markets than through other means. For instance, we certainly need a vision that includes, for each country, a national health service, free at the point of delivery; but a national clothing service would be absurd.

The perceptive reader will have realized that I have been referring to ‘markets’ not ‘the market’. The point of departure for my argument is that we must get away from the monolithic abstraction of ‘the market’, and instead talk of markets (in the plural), which can be organized through a variety of institutions, to serve a variety of ends.² This enables us to distinguish between markets which are commercially organized, typically linking anonymous producers with anonymous consumers so as to make as much profit for shareholders as possible; and markets which are socially organized so as to realize mutually agreed egalitarian objectives, respecting the need to care for people and for the environment. I must emphasize that when I talk of ‘socializing’ markets, I do not simply mean state regulation of markets (though effective state regulation is important); but going beyond that to embed market transactions in egalitarian social relations, so that they can serve democratically agreed social ends. This requires both a transformation of property rights, so as to fundamentally shift the balance between the right to the exclusive use of certain resources and the right not to be excluded from the enjoyment of common resources. This will entail an enlargement of the role of egalitarian collective associations in the economy. I hope to show that socializing markets is not the same as creating what is conventionally described as ‘market socialism’.

It is a decade since I first wrote of socializing markets.³ That decade has seen both a victory for capitalist market forces, with the collapse of planning in the former Soviet Union and Eastern Europe and the opening up to foreign investment in China and Cuba; and also a widespread undermining of belief in the legitimacy and effectiveness of capitalist markets forces, as financial crisis and recession have swept around the world: South East Asia, Russia, Brazil. But in the most powerful countries in the world the power of capitalist markets – especially the power of financial markets – continues unabated. As I write the boom on Wall Street continues, and European financial markets are reported as jubilant at the resignation of the one European finance minister who repeatedly questioned the wisdom of financial orthodoxy. Nevertheless the last decade has also been a decade of experiments, small-scale but growing in strength, in the socialization of certain markets, and the creating of new markets which are socially embedded, in the sense of being organized to serve peoples’ needs, rather than to maximize profits.⁴

Since this volume of the *Socialist Register* is meant to be visionary and forward looking, I will not keep referring back to my earlier writings on these issues; and I will adopt neither the convention of a ‘reply to my critics’ nor the convention of an ‘autocritique’. Those with a taste of such things will be able to work out where I have changed my mind and where I have not; where I have formed new ideas and where I have continued to rely on ones I had already developed. Nor will I provide a ‘review of the recent literature’. Rather, I want to encourage the reader to think less abstractly, and more concretely, about economic life. Following the activist principle of going forward from where you stand now, I want to begin to flesh out my argument

by considering a market in which I, and many readers, participate – the market for the *Socialist Register*. Some readers will be reading a library copy, or a copy they borrowed from a friend, or a photocopy of this particular essay. But the *Socialist Register* depends on there being large numbers of readers who bought their copy – through subscriptions, left bookstores, stalls at conferences. Money changed hands – and the *Socialist Register* could not survive if it did not. The editors and publisher have to be concerned with marketing, with keeping existing markets and developing new ones – in order to sell enough copies to cover the costs of producing each volume.

However, the market for the *Socialist Register* has different characteristics from the market for a magazine produced by a commercial publisher to make as much profit as possible. Those involved in writing for the *Register*, editing it, publishing it, and distributing it, make their contributions out of commitment, not for commercial reasons. The editors and publisher do not treat the *Register* as their private property but as something they hold in trust for a wider movement. Many people give freely of their time to produce and distribute the *Register*. Some are supported, in making their contributions, by a job in an organization which allows them to count some of their contributions as part of their paid workload – for instance, this is possible for writers who are employed as teachers and researchers in publicly-funded institutions. For others, like the publisher, and the staff of left bookstores, their contribution to the *Register* must in turn be reciprocated by a financial contribution that will go towards enabling them to make a living, albeit with lower financial returns than they would make if they chose to engage in publishing and selling a different type of book. This has to be factored into the price of the *Register*, as do the costs of paper, printing services, packing and transportation. But the aim of those who produce and distribute the *Register* is not to maximize financial returns, either for themselves, or for a group of shareholders. The price does not include a mark-up to generate pure profit. Moreover, those who buy and read the *Register* tend to do so as part of a collective intellectual and political practice, in which they will enter into a dialogue with the editors and authors – indirectly, in discussions, or the production of new writings, commenting upon articles in the *Register*; or directly, by e-mailing the editors and authors. The readers, writers, editors, publisher and distributors of the *Socialist Register* are part of an informal association.

Thus, a market relation between the *Socialist Register* and many of its readers exists – but it is a market relation which is socially embedded in the practices of the socialist movement, not an anonymous financial transaction. It is a socialized market, and readers and writers, publishers and sellers are part of a dialogue as well as a market. This socialized market is, of course, squeezed and constricted by the pressure of commercial market forces. Small left-wing bookstores find it hard to survive in the face of the market power of the huge commercial booksellers. Small left-wing publishers find it hard to survive in the face of the market power of the multinational publishing corporations. The tastes of potential readers are shaped by media conglomerates, so that many

people come to expect ‘sound bites’ and ‘infotainment’, rather than a dialogue that requires sustained and serious attention.

The editors and publisher try to keep the price ‘affordable’ but its affordability can be dramatically changed by factors quite outside their power to influence – for instance, massive currency devaluations take the local price far beyond the pockets of many potential readers in South East Asia and Brazil; and high unemployment in much of Europe puts the price beyond the reach of others, especially of young people.

But do we envision a future in which the editor and publisher will have to negotiate with a planning committee (or series of such committees) for an allocation of paper, or access to printing services or distribution channels? And in which potential readers will have to negotiate with planning committees about how many, and which, books they will be allocated each year? Suppose the majority of the members of the democratically-elected committees with which we have to negotiate do not find the *Register* an interesting or worthwhile publication? Tastes will surely vary – and I am sure that no one wants a dull uniformity.

An alternative approach is to envision a future in which all the forces which distort and inhibit the flourishing of the socialized market that links the producers and readers of the *Register* have been overcome; and in which more people are able to afford time to help produce the *Register*, time to read it, and money to pay for it. In this paper, I shall try to explore some of the conditions for such a future.

Let us first situate the *Register* more fully in the context of the economic structures of the societies in which it is produced and read – societies in the plural, because the *Register* is produced and distributed through a process of international collaboration and its readership is international. The national economies in which the production and distribution of the *Register* takes place are not monolithic, though they are dominated by commercial market forces. Somewhat schematically, one might distinguish a capitalist, commercial sector (called the ‘private sector’ in much economic discourse); a state sector (called the ‘public sector’ in much economic discourse); and a domestic sector, comprising households in which women and men, boys and girls, consume the goods and services of the private and public sectors. (It is in the domestic sector that unpaid care for their members is produced, more especially by women and girls – something which is ignored in most conventional economic discourse about how economies operate, but which has been highlighted by feminist economics.)⁵ And there is also yet another sector, in which I think we can locate the production and distribution of the *Socialist Register*, which I shall call the associative sector. This sector is recognized in much economic discourse – but only in terms of what it is not. Conventionally, it is termed ‘non-governmental’; or ‘not-for-profit’; or the ‘third sector’ (with the private and public sectors being the other two sectors, and the domestic sector left out). Money and markets play a role in the functioning of associations because they require

financial resources (grants, membership dues, revenues from sales) to function and provide services for their members and the wider society; and they employ paid, as well as unpaid, labour. But associations are formed around social rather than commercial objectives.

All of the sectors demarcated here are internally heterogeneous. Within the public sector, there are differences between units in terms of size, function, relation to citizens and relation to government. Some units provide services free at the point of use, while others provide services for which user charges are levied; some units are primarily concerned with effecting income transfers (taxes and benefits); while others are primarily concerned with regulating society (making and upholding laws). Within the private sector, there are wide differences between enterprises in terms of their ownership structure (joint-stock, co-operative, family, individual) and the extent to which they are regulated by the state ('formal' or 'informal'); their size and scope (small and local or huge and international); their success in covering their costs and making a profit. Within the domestic sector, there are many differences between households in terms of size and age structure, reason for household formation, extent of kin and neighbourly links with other households, income and assets of household members, degree to which resources are pooled and shared, egalitarian or non-egalitarian gender division of labour. Within the associative sector, there are many differences between different forms of association: unions, clubs, movements, with differing objectives and scope, differing degrees of formality and differing degrees of internal democracy and commitment to egalitarian goals.

The rationale for aggregating these diverse units into four sectors must rest on some similarity between the functioning of the units in each sector. One possible similarity is in terms of the motivation of individuals within each sector. As Humphries points out, neo-classical micro-economics has tended to depict the motivation of individuals in the public sector and private sector as that of self-interest, while the motivation of decision makers in households has been depicted in terms of altruism.⁶ Feminists have found this too arbitrary, as the majority of individuals live in both the world of the household and the work of paid work for a good part of their lives. Why should they be only altruistic in the one and only self-interested in the other? Why not allow for complex mixtures of altruism and self-interest in all areas of life, shaped by cultural norms as well as personal idiosyncrasies?

Another possible common feature of units within a sector is in terms of the mechanisms they use to co-ordinate their internal activities. It is perhaps tempting to see private enterprises as co-ordinated through financial mechanisms, public sector organizations as co-ordinated through plans and rules, associations as co-ordinated through meetings and households as co-ordinated through social norms. But again, reality is more complex, with finances, meetings, norms, plans and rules playing some role in co-ordination of all four sectors. Moreover, command and hierarchy, and mutuality and reciprocity, can

characterize the internal organization of units in all four sectors. The family is no more unequivocally 'the heart of a heartless world' than the commercial firm is unequivocally the servant of mammon or the government bureau a subdivision of Leviathan, or the association a prefiguration of a socialist utopia. The internal operation of units in all four sectors is better characterized in terms of 'co-operative conflicts',⁷ in which their members stand to gain from co-operation in production but often have conflicting interests on the terms of the distribution of the benefits.

We might also examine the conditions of reproduction of each unit – what do they have to do to sustain their normal functioning? Private sector enterprises have to sell enough to at least cover their costs, and if they are joint stock companies they must also make a profit for their shareholders that at least matches that of comparable firms. Public sector organizations are not constrained in the same way since their costs may be ultimately financed by taxation rather than sales. But the power to tax depends upon the government retaining its power to make and uphold the law, its legitimacy. If the public sector operates in ways that are not considered legitimate, then the power of the state to support it through taxation is likely to be undermined. Households have to meet the needs of their members for food, shelter and clothing, and companionship. We might sum this up by saying that the private sector is structured by a dynamic of sales and profit; the public sector by a dynamic of legitimation; and the domestic sector by a dynamic of provisioning. Associations must sustain their membership (formal or informal) – and this means they must mobilize resources to cover their costs, through subscriptions, donations, grants, and also sales – as well as recruit new members. To a degree, they must be 'business-like', but they must be able to attract gifts, of time or money or other resources, without the demand for a commercial rate of return. Perhaps this might be described as a dynamic of solidarity – though by no means always a solidarity in support of social justice.

The different sectors are inter-connected through a variety of circuits that channel the flows between them. In traditional political economy the emphasis has been on markets as the most important type of circuit, with goods, services, money and labour flowing through them. The role of the state has been generally posed in terms of intervention in markets (which are run by the private sector), to widen, narrow or choke off flows through them. In debates about the most appropriate forms of intervention, and the relative weight of market failure and bureaucratic failure, it has often been forgotten that the state plays a constitutive role in making markets work – supplying an infrastructure of rights and regulations without which no orderly market is possible. Recognition of this enables us to see that markets are public circuits as well as private circuits, co-determined by economic and political structures. Markets do not just link sectors within national economies – they also link them across national economic boundaries. International markets are governed by inter-state systems of regulation such as the World Trade Organization.

The markets which states sustain and which link the private sector to the public, domestic and associative sectors in present-day economies are overwhelmingly capitalist markets dominated by commercial forces. But these are not the only type of markets which currently exist. We have already discussed the *Socialist Register* market as an example of a socialized market embedded in the loose egalitarian association which links all those participating in producing, distributing and using the *Socialist Register*. Many other egalitarian associations organize socialized markets, from bake sales to the international direct trading networks of the Fair Trade movement, which affirm non-economic values, even while operating in markets.⁸ These really are markets which could be represented as an exchange of use values, mediated by money, in which the prices are determined by social, not commercial, objectives, subject to the constraint of covering the money costs of production. The people employed in the associations running such markets often give their labour on a partially voluntary basis – working for lower wages than they could obtain in the private or public sectors, putting in long hours of unpaid overtime. Some community associations not only create socialized markets, they also create and regulate their own form of money to facilitate exchanges of goods between members of the association.⁹ It is interesting to reflect on why such associations do create a measure of value and medium of exchange to facilitate their transactions, even when these transactions are very localized and face-to-face, often between people who already know each other. These range from the problems of organizing barter exchanges when needs and wants do not coincide (I want to trade my baked goods – but not for car maintenance; you want to trade your car maintenance services – but not for baked goods); to the problems of keeping track of transactions that necessarily take place at different times; to the problems of establishing a uniform ‘rate for the job’. An agreed measure of value and medium of exchange makes it easier to have flexible decentralized transactions. It does not make for a very relaxed life if people have to plan all their activities for months ahead. If all this is true at the local level, then how much more so when egalitarian associations cross national boundaries.

But all these socialized markets, just like the market for the *Socialist Register*, are constricted and distorted by the pressure of commercial market forces. For instance international Fair Trade networks are squeezed by changes in interest rates and exchange rates brought about by the private financial sectors’ pursuit of maximum profit. Community currency schemes are squeezed by the time pressures of jobs in the private and public sectors and by the need to ‘import’ goods and service from outside the community.

Of course, the various sectors of an economy are not only linked by commercial markets. Within each national economy, they are also linked via citizenship obligations and entitlements, the circuit of taxes and benefits, the latter including both income transfers and enjoyment of physical and social infrastructure (roads, police stations, law courts, schools, hospitals) free at the point of use. In contrast to markets, in the circuit of taxes and benefits, flows

of money payments and receipts of goods and services are not offset against each other in each and every transaction. For protagonists of the commercial market, this is the great weakness of the circuit of taxes and benefits, and leads to scrounging, waste, inefficiency of all kinds. But the circuit of taxes and benefits can deal much better than either commercial or socialized markets with the provision of public goods; that is, goods which by their nature cannot easily be parcelled up and charged for separately – such as street lighting, clean air, and services where there are strong ‘spillover’ effects, such as health and education, where one person’s ill-health can be contagious, and one person’s lack of adequate skills can reduce the performance of a whole team. The circuit of taxes and benefits can also in principle provide a common resource, a social security system, which can offset the inability of market circuits to guarantee everyone an adequate living. However, the effectiveness of circuits of taxes and benefits is limited because they are confined to national economies. There is no international governance system to provide support for the provision of global public goods.¹⁰

A well-functioning circuit of taxes and benefits does not just depend on the legitimacy, probity and effectiveness of the state and of political structures. It also depends on borrowing in some form or other, because the inflow of public revenue cannot be guaranteed to exactly match the outflow of public expenditure, either in timing or in total magnitude. Where government borrowing largely takes place through the mediation of private sector financial institutions, this circuit can be widened, narrowed or choked off, not only by the changing sentiment of voters and political parties, but also by the changing sentiment of bankers. Today, finance ministers pay more attention to what analysts in financial institutions, and traders in financial markets, will think of their fiscal policies, than what parliamentarians, or the electorate, will think. In this way, capitalist market forces structure and distort even those citizenship linkages between sectors that are not based on commercial markets.

A third linkage among sectors is the circuit of financial grants, donations and subscriptions – linking the associative sectors with all the other sectors. This circuit has something in common with the taxes and benefits circuit, in that the flows of money and receipts of goods and services are not offset against each other in each and every transaction; and something in common with market circuits, both commercial and socialized, in that the payments are voluntary rather than enforced by the state. This type of circuit, in which transactions have strong elements of gift transactions, can be particularly effective for financing transformative activities, and to provide things, such as knowledge, which people do not yet know that they might want; in general, to enlarge the scope of human experience and ambition. As the example of the *Socialist Register* illustrates, such circuits operate between national economies as well as within them.

All of these circuits involve money (in terms of which the flows through them can be quantified). But there is also another type of circuit connecting all

the sectors – a circuit of communication in which what flows is information, ideas, images, values, meanings, often as much implicit as explicit. Without some degree of shared understandings, transactions in all the other types of circuit would be impossible. Through communication networks, each sector transmits a series of messages which are marked by the organizing dynamic of each sector. The private sector transmits commercial values; the public sector, regulatory values; the associative sector, solidaristic values and the domestic sector, provisioning values. There are negative and positive aspects to the values each transmits – commercial values are venal, and often crass and opportunistic – but they may also be thrifty and innovatory; regulatory values may be petty and bureaucratic, as well as sustaining capitalist social relations and commercial markets – but they may also promote human rights and democracy; provisioning values are associated with caring and giving – but they may also be patriarchal and small-minded; solidaristic values are often assumed on the left to be radical, empathetic and altruistic – but they may also be conservative, exclusive and inward-looking. The messages are inflected with the specificities of different societies, but increasingly also inflected with cosmopolitan values, both capitalist and egalitarian.

The sectors, and the circuits that link them, are gendered structures; that is, they do not just contain within them male and female individuals; their very modes of operation are built upon the prevailing, unequal, gender order. This is obvious in the case of the domestic sector because kin relations are gender-ascriptive relations; that is, ‘mother’, ‘father’, ‘son’, ‘daughter’ are categories which explicitly denote gender. However, categories like ‘employer’, ‘employee’, ‘seller’, ‘buyer’, ‘citizen’, ‘tax-payer’, ‘benefit-recipient’, ‘grantor’, ‘grantee’, ‘volunteer’, ‘writer’ and ‘reader’ do not explicitly denote gender; and are thus often assumed to denote gender-neutral positions and activities.

Much feminist scholarship over the last two decades has been devoted to showing that much of what may appear to be gender-neutral is in fact a ‘bearer’ of gender, inscribed with prevailing patterns of gender inequality. There is no space here to report on all the ways that this happens. We shall just highlight some prime examples. For instance, the hierarchy of employment in both public and private sectors is a gendered hierarchy in which male authority is still the norm, and female authority the exception. Moreover, the rules and norms of not only the private but also the public and associative sectors are predicated upon the assumption that the care and nurture of the labour force on a daily and intergenerational basis is primarily a female task, and should be treated as fundamentally external to the operations of the sector, even though none of those sectors can be sustained in the long run unless such unpaid domestic labour is undertaken.¹¹

The circuits are also gendered. This is most apparent in the taxes and benefits circuit, where obligations and entitlements are frequently structured quite explicitly upon assumptions that women are, or should be, dependent upon men.¹² In addition, communication networks frequently transmit stereotyped

or demeaning messages about women. Commercial markets may seem more culturally egalitarian – since it appears that the only thing that matters is how much money you have, not whether you are a man or woman. But the structuring of commercial market transactions is gendered in a way that frequently disadvantages women; sometimes overtly, in that women are not allowed to enter into commercial contracts of certain kinds, or are excluded from certain commercial market places; frequently, and more subtly, in terms of how bargaining is carried out; how risks are perceived and shared; how goods are organized into ‘lots’ for sale; how information about prices is disseminated.¹³ And most women are at a fundamental disadvantage as compared to men – they have less money. Even socialized markets are bearers of gender – women too frequently provide the voluntary labour, while men make the decisions.

Of course, the sectors and circuits are not co-equal. The private sector and commercial markets dominate, undermining the values and ways of functioning of public services, voluntary associations, and family provisioning. The most basic needs of hundreds of millions are not met, while a few millions live in luxury. The discussion of what we want to put in the place of this destructive system still tends to be polarized into plan vs. market.¹⁴ The productive roles of the domestic sector and the associative sectors are largely ignored. Those who are sceptical of the contribution that markets can make to a socialist economy, worry that if decision making is decentralized via markets, then state enterprises and workers’ co-operatives will behave, in a short while, just like capitalist enterprises, with the profits now appropriated by the managers of the public enterprises and the members of the workers’ co-operatives; and with comparable damage to the planet and to human beings. I agree the role of markets must be approached with caution. But the fundamental problem comes not from the use of markets but from the structure of property rights. Socialists are right to emphasize that a better life for the majority of people on the planet requires a fundamental change in property rights. But the socialist tradition has placed most emphasis on a transfer of the means of production from private corporations to ownership by the state or workers’ co-operatives, and in doing so has failed to pay enough attention to the fact that all three types of ownership have an important similarity: they are all forms of corporate property.¹⁵

Of course, private ownership of the means of production can be a property right held by an individual, but it is the corporately held rights that dominate the private sector, and which socialists are mainly concerned about, rather than small, individually owned businesses. A workers’ co-operative is obviously also a form of corporate ownership – the difference being that the corporate rights are held by the employees rather than by shareholders. Both types of ownership confer upon the owners a right to exclude anyone else from the enjoyment of the property which they own. Moreover, ownership of property by a state enterprise similarly gives the state enterprise a right to exclude anyone else from the enjoyment of the property which it owns. Individual citizens do not have direct individual rights to use means of production held by state enter-

prises. But individual citizens do have direct individual rights to use common property – for instance, common land, public parks and squares, city streets, public libraries. A right to common property is a right to be included, a right not to be excluded; whereas a corporate property right, whether held by shareholders, co-operatives, or a state enterprise, is a right to exclude.¹⁶ Common property is increasingly under threat and the exercise of corporate rights is being concentrated in fewer hands, all over the world.

In thinking about how to organize a socialist economy, we have not paid enough attention to the balance between the common property rights of individuals, the individual property rights of individuals, and the corporate property rights of state enterprises and workers' co-operatives; nor enough attention to the ways in which spillover effects mean that all three types of rights need to be limited and qualified in various ways in order to promote the common good. The lesson of the experience of the regimes of Communist parties in the twentieth century is surely that the foundation of a democratic socialism must be the careful specification and protection of rights, both individual and corporate; and the balance must be weighted strongly towards the individual rights of household members to common property. A socialist economy must be built on a foundation of common property, that is on the rights of individuals not to be excluded from the use of designated resources. It does not make sense to extend this in terms of a right not to be excluded from use of *all* resources. Large-scale production of many goods and services can only be done effectively if certain groups of people do have the right to exclusive use of certain means of production for lengthy periods of time – the workers' co-operative, the state enterprise. Moreover, if individuals and small groups are going to invest their time and energy in creating something new, they need to be able to exclude other people from the use of their equipment and premises, to safeguard their work-in-progress. (Remember that time someone else used your computer when you were away, and you returned to find crucial files had been somehow deleted?) So individual ownership of small businesses, subject to democratic regulation, should be welcomed as a vital source of innovation and diversity.

The right not to be excluded is most effectively strengthened in terms of the individual rights of members of all households to key public services, delivered free at the point of use, such as education and health care; and in terms of the right of each individual to a basic income,¹⁷ a sum of money with which individuals can purchase the basic requirements for sustaining a modest level of consumption. (In terms of our sectors, this means strengthening the common property rights of the household sector.) It would not make sense to give people a standard 'shopping basket' of goods, free of charge, because different people have different tastes. To allow people to meet their specific and individual needs, it is much more useful to provide a basic income in the form of money and allow them to purchase the particular combination of goods that they choose, subject to democratically agreed laws limiting or forbidding sales

and purchases which encroach upon the dignity and integrity of the human subject (such as sexual services and body parts). Indeed, they might choose to buy means of production and operate a small business as the route to meeting their basic consumption needs.

The common property right not to be excluded is not an unqualified right. For instances, to protect the environment, it is often necessary to ration access to space (car use restrictions in city streets, areas of public parks reserved for different activities). Moreover, the right to a basic income should be qualified by the obligation to accept certain unpaid, part-time duties of citizenship, such as jury service, and participation in designated community associations, for instance to provide care in the community for those in need of care; or tend community gardens; or run youth clubs. People could, of course, use their basic income to support their participation in any other association, provided their obligations were met. Such a foundation of common property rights (and duties) would strengthen the domestic sector and the associative sector; it could do much to reduce gender inequality and would fundamentally transform the labour market. It would mean that money could not exercise *command* over labour power. Enterprises, whether public, private or co-operative would need to attract people to work in them by offering rewards unavailable in the domestic and associative sectors – such as higher incomes, and opportunities to participate in a wider range of activities in ways that develop rather than distort their capacities.

Rights to enjoy common property need to be constituted at both national and international levels, building upon existing rights in national and international law. The Declaration of Human Rights, and associated human rights instruments such as the Covenant on Economic, Social and Cultural Rights, provide an overarching framework which needs to be strengthened and given more substance. In particular, the relation between human rights and property rights needs clarifying. It is difficult to see that much progress can be made in strengthening individual rights not to be excluded from common property without a substantial extension of collective ownership of corporate property. Substantial private ownership of corporate property undermines the capacity of the state to raise revenue to provide basic services and income by buttressing a powerful lobby for lower taxes; and it perpetuates the commercial values that undermine respect for common property.

An important and difficult issue is the question of who should have the right to enjoy territorially specific common property. If the point of socialism is to create economic justice, then surely this should extend across national boundaries. So why not extend the common property rights to anyone who wants to come and enjoy them? The problem is that supporting and managing a socialist economy will require a series of accountable, democratically elected, territorially-based forms of government. Opening the borders all at once in those countries which can afford to provide a higher level of basic income may generate such large immediate flows of migrants that society would be desta-

bilized. A phased process of gradual relaxation of controls on migration from other socialist countries, together with a massive enlargement of grants from rich to poor societies, and vigorous processes of fostering a shared socialist culture across international boundaries, and of deepening intergovernmental co-ordination seems likely to have more chance of staying on track.

The scenario I envision does have markets in which goods and services are brought and sold and markets in which labour power is bought and sold – so what is to prevent collectively-owned corporate property, such as public enterprises and workers co-operatives, from behaving like capitalist enterprises, and seeking to commodify more and more of life and to make as much money as possible? Without any wider social accountability outside the enterprise, such enterprises would be free to behave like capitalists, in so far as they could retain and distribute surplus income; or could reinvest their cash in new activities. The criteria of success would still be in terms of making money, and satisfaction of human needs would only enter the process indirectly through the mediation of buying and selling.

One important check on commercialism would be to abolish the market in corporate property rights themselves, so that enterprises could not be merged or taken over by a process of buying and selling shares. But to completely break the circuit of capital, a process of social control is required at the points of metamorphosis, so that enterprise performance has to meet certain social criteria before goods and services can be sold or bought, surplus income retained and reinvested, or loans obtained. In the scenario I envisage, all enterprises (private, co-operative and state) would be responsible and accountable for the investment, production and financial decisions they took – but in order to put those decisions into effect, they would have to show that they were fully complying with social standards, as specified by democratic processes, on issues such as equal opportunities, disclosure of information, environmental protection, health and safety at work, consumer protection and worker's rights to join a trade union.¹⁸ Rather than being able to proceed with operations unless ordered to cease trading by a relevant government inspectorate, enterprises would have to show that they were fully complying with social standards *before* they could trade. This would, in effect, mean that the corporate rights over property enjoyed by enterprises, whether privately, co-operatively, or publicly owned, would be *conditional* in the sense that freedom to appropriate and reinvest surplus would depend on a satisfactory social evaluation of performance against a set of democratically agreed standards. Social control would cut across the financial flows, forming a series of checkpoints. Perhaps the most important checkpoints would be in relation to enterprise plans to borrow and to invest, which would require social as well as financial evaluation by publicly controlled financial institutions, but enterprises could also be required to present a certificate of satisfactory social performance in order to be able to buy and sell goods and services, and hire labour power. This could be applied to international trade as well as to trade within a country. Thus, firms wishing to

import goods into a country could be required to show that the goods were produced under conditions that met agreed social standards. Countries could work towards the harmonization of social evaluation standards through international negotiations. Some social standards (such as the right to join a free trade union) should be applied to all countries; others might vary, according to the different levels of income of different countries. For instance, it would not be fair to stipulate the same level of minimum wage for rich and poor countries.

To avoid over-reliance on the state, the process of social evaluation should involve the associative sector as well as government inspectorates. While the government inspectorates would be responsible for certification, and for prosecuting law breakers, associations committed to social justice (trade unions, consumer groups, environment groups, women rights groups, etc.) would play a major role in carrying out investigations; publicizing shortcomings in associated media; representing complainants, in negotiations with enterprises or in legal processes; and advising on how enterprises might improve their performance. Grants, financed by taxation, would be available to support associations in this work. This would be a system of participatory regulation, in which citizens can not only participate in the political process of setting standards, but also in the process of enforcing them. The right to information would be fundamental to this process.

In such an economy, the distribution of the surplus would depend on the structure of prices. Hence, there is a case for some social checks on the price formation process. One might envisage a price commission which would directly set the prices of a limited number of basic goods, in particular the prices of utilities (gas, electricity, telecommunications, etc.). For all other prices, the price commission would have power to audit and regulate price formation, i.e., enforce disclosure by enterprises of the basis used for price formation and enforce changes in prices and price formation procedures where they are not in line with social standards. The associative sector would play a major role in investigating and publicizing price policies, and presenting cases for action to the price commission.¹⁹

It may be objected that these social controls will slow down the economy and inhibit competition leading to losses in productivity. But rapid change and uninhibited competition also have costs, and their supposed benefits in terms of increases in productivity are often illusory. Our accounting systems have been set up so as to capture the increases in sales but not the human losses that so often accompany rapid economic growth – loss of free time, depletion of health and strength, erosion of provisioning values. If we account for the social as well as the economic consequences, then a slower paced, less frenetic economy will be seen to have benefits.

To really embed markets in egalitarian social relations, it is also necessary to extend and deepen communication circuits, creating an obligation for enterprises and associations to share information, and promoting dialogue so as to enable decisions made by enterprises and members of households to be more

public-spirited and less atomized. Transformative associations have a catalytic role to play here, mediating between enterprises and households, bringing buyers and sellers into contact with one another to pursue shared social objectives beyond a narrow immediate interest in getting the best bargain in the next transaction. New information technology can play a positive role here by facilitating dialogue across time and space. It would be important to develop a culture in which the government gave grants to transformative associations which are helping to build socialism, while at the same time respecting their autonomy.

The macroeconomic framework for an economy organized along these lines would need to be set by a democratically accountable planning commission that would recognize the productive roles of the domestic and associative sectors, as well as the public and co-operative sector. It would determine overall levels of taxation and public expenditure (on operations of government, free-of-charge public services, basic income and grants); financial parameters, such as rates of inflation, rates of interest or foreign exchange rates; and parameters for human development and environmental protection. Major, large-scale, new investment projects would be centrally co-ordinated, and designed using social indicators as well as financial indicators. Membership of the planning commission would include elected representatives from the legislature, and also representatives of public enterprise and co-operatives sector, the public services sector, the small business sector, the associative sector and the domestic sector. Most importantly, the financial system would be directly under the central control of the planning commission, with lending and borrowing subject to social standards. The major markets that would need to be abolished are the markets for corporate control and financial derivatives, which are the major supports of monopoly power and sources of economic instability. These are the markets which are now under criticism from very wide sectors of opinion all around the world. The challenge is to build upon that criticism to decisively change the balance of power between financial capital and ordinary people whose lives are being distorted and even destroyed, by money in pursuit of yet more money.

In doing that, alternative visions of the future are important. But after the failures, and worse than that, horrors, of the twentieth century, it is vital to create non-authoritarian visions, rooted in individual rights and decentralized decision making, with checks and balances against centralized corporate power of all kinds. Markets, if they are transformed and socially embedded in egalitarian social relations, are vital to that vision, helping to support the autonomy of households and associations. My vision is not a 'market society' but not a 'bureaucratic society' either;²⁰ it is a society in which democratically accountable state agencies structure markets so as to give a much greater chance for households and associations to flourish – surely the best conditions for the *Socialist Register* to flourish too.

There is much more that needs to be developed in this vision. But my aim

was not a blueprint, more a set of principles or guidelines. I wanted to get beyond the sterile debate on the market versus the plan to suggest that we need a vision of socialist economies that rests on a foundation of strong individual rights to enjoy common property and collective rights over corporate property; that recognizes that households and associations are part of the economy; that understands the cultural dimension of economies, the values and norms that are communicated by economic practices; and that recognizes the useful role that socialized markets – markets embedded in egalitarian social relations – can play in facilitating both decentralized decision making and cosmopolitan decision making, freeing our vision of socialist economies from the straight jacket of the national economy organized by the state.

I have said nothing much about how we get from here to there – producers of utopias rarely do. But a necessary utopia should at least signal some ways in which connection can be built between movements of resistance to capitalism, movements to create alternatives, and fissures and cracks in capitalist power structures. Let me suggest three ways. The first is to strengthen the movements demanding greater accountability in the use of economic power, both the power of states and the often much greater power of private business corporations. The watchword is democratizing the economy rather than liberalizing the economy. The second is to strengthen the movements that are seeking in various way to transform markets, to embed them in egalitarian social relations, through social entrepreneurship and through participatory setting and monitoring of social standards. The third is to build links between the realization of human rights, the right to enjoy common property, and the exercise of collective rights over corporate property.²¹ Though socialism may have been marginalized today, the ideals of democracy and human rights enjoy widespread support. We have to show how the full realization of the latter still depends upon an economic transformation, while making it clear that what we mean by that is a transition to a slower, kinder, gentler, more inclusive economy – one that really embodies, in this sense, the ideals of socialism.

NOTES

1. For further discussion see Adam Tickell, 'Unstable Futures: Controlling and Creating Risks in International Money' and Wally Secombe, 'Contradictions of Shareholder capitalism: Downsizing Jobs, Enlisting Savings, Destabilizing Families', both in *Socialist Register 1999*, London, Merlin, 1999.
2. This point has been stressed in a number of contributions in feminist economics. See for instance, Maureen Mackintosh, 'Abstract Markets and Real Needs' in Henry Bernstein et al., *The Food Question: Profit vs People*, London, Earthscan, 1990; and also 'Dialogue: Interrogating Markets/Interrogating Gender', *Feminist Economics*, Vol. 2, No. 1, Spring, 1996, especially the contributions by Lynn Duggan and Jennifer Olmsted (pp. 86–89); Richard Wilk (pp. 90–93) and Linda Robertson (pp. 98–113).
3. Diane Elson, 'Market Socialism or Socialization of the Market', *New Left Review*,

No 172, Nov/Dec, 1998, pp. 3–44.

4. These can be local, such as Local Exchange Trading Systems and other community currency systems (for a brief overview, see Susan Meeker-Lowery, 'Community Money: The Potential of Local Currency', in Jerry Mander and Edward Goldsmith (eds), *The Case Against the Global Economy*, San Francisco, Sierra Club Books, 1996; or international, such as the 'Fair Trade' arrangements which are putting peasant producers of goods like coffee and cocoa in touch with European Consumers (see for instance, Michael Barratt Brown, *Fair Trade*, London, Zed Books, 1993).
5. See, for instance, special issue of *Feminist Economics*, Vol 2, No. 3, 1996 and Diane Elson, 'The Economic, the Political and the Domestic; Businesses: States and Households in the Organization of Production', *New Political Economy*, Vol. 3, No. 2, 1998, pp. 89–208.
6. Jane Humphries, 'Rational economic families? Economics, the family and the economy', in Georgina Waylen (ed) *Towards a Gendered Political Economy*, London, Macmillan. Forthcoming.
7. The term has been widely used by Amartya Sen: see for instance his 'Gender and co-operative conflicts' in Irene Tinker (ed), *Persistent Inequalities*, London, Oxford University Press, 1990.
8. A good example is Twin Trading, established in London in 1985, which develops fair trade links between European consumers and co-operatives of small scale growers of coffee and cocoa in Africa and Latin America.
9. For a discussion of such associations see Susan Meeker-Lowry, 'Community Money – The Potential of Local Currency' in Mander and Goldsmith, *The Case Against the Global Economy*.
10. For more discussion of this issue, see Inge Kaul, Isabelle Grunberg, and Mark Stern (eds), *Global Public Goods*, London, Oxford University Press, 1999.
11. This has been explored in some detail by Nancy Folbre, *Who Pays for the Kids?*, London, Routledge, 1994 and Jean Gardiner, *Gender, Care and Economics*, London, Macmillan, 1997.
12. For further discussion, see for instance, Ruth Lister, *Citizenship-Feminist Perspectives*, London, Macmillan, 1997.
13. These issues are explored in depth by Barbara Harriss-White, 'Female and male gain marketing systems – Analytical and Policy Issues for West Africa and India', in Cecile Jackson and Ruth Pearson (ed), *Feminist Visions of Development*, London, Routledge, 1998.
14. See for instance, David Schweickart, James Lawler, Hillel Ticktin and Bertell Ollman, *Market Socialism – The Debate Among Socialists*, London, Routledge, 1998.
15. This similarity is emphasized by C. B. Macpherson, *Property*, Oxford, Basil Blackwell, 1978.
16. This point is also due to Macpherson, *Property*.
17. There is a large literature on the pros and cons of basic income, much of it dealing with the problem of incentives and 'free-riding', on the assumption of population of myopic, amoral, self-centred individuals, unmovable by collective deliberation, unable to devise ways of creating a mutual assurance to contribute. I think we have to take the risk of assuming that people are capable of more far-sighted and reciprocal behaviour, given appropriate conditions, such as the strengthening of the public sphere, (on the latter point, see Colin Leys, 'The Public Sphere and the

Media: Market Supremacy vs Democracy' in *Socialist Register*, London, Merlin, 1999); and the validation of women's 'different voice', rooted in caring for people (see Lourdes Beneria, 'Gender and the Constitution of Global Markets, 'Paper presented at Women and Development Conference, City University, New York, October, 1998).

18. This list is not meant to be exhaustive, but merely illustrative The social standards would embody a further set of common property rights.
19. The experience of regulating the privatized utility companies in UK has relevant lessons, although the powers of the UK regulators are very limited by the market for corporate control of the utilities.
20. As Polanyi put it 'the end of market society means in no way the absence of markets'. Karl Polanyi, *The Great Transformation*, Boston, Beacon Press, 1957, p. 252.
21. A particularly important topic is the exploration of the variety of ways in which collective rights can be exercised over corporate property. Here I have referred simply to public enterprises and workers' co-operatives. But there can be a variety of governance structures of workers co-operatives, some more conducive to social accountability than others.