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Private Property versus Markets: Democratic and Communitarian Critiques of Capitalism

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This essay assesses communitarian and democratic critiques of capitalist economies. Distinguishing them are sharply contrasting evaluations of markets and private property. Communitarian critics of capitalism trace its moral failure to the marketplace. Drawing on Aristotle's normative economics, this school maintains that production for gain corrodes society's moral fabric. I defend the democratic approach. Democratic critics accept the modern claim that markets are both efficient and liberating. Capitalist ownership relations are another matter, indicted because they constitute a form of private power over people's lives. I reconstruct the ethical core of the democratic school and contend that it offers a better understanding of the most objectionable aspects of capitalist economies while avoiding the dangers inherent in the communitarian approach.

The modern separation of economic from moral concerns has never been secure. Normative approaches have contested the reduction of economics to ethically neutral questions about the efficient allocation of scarce goods with diverse uses. These theories repay closer analysis. First, they offer the conceptual resources to sustain economic criticism at a time when capitalism's triumph threatens to foreclose questions about alternative ways of organizing our interchange with nature. Second, and just as important, these theories address debates central to our discipline, informing our understanding of traditional and capitalist economies, the distinction between public and private, and the moral character of the market and private property.

There are, however, fundamentally incompatible normative approaches to economic life. One of my aims is to challenge the prevailing theory of the moral economy, which is communitarian in orientation; the object of its criticism is the modern marketplace. I will defend an alternative approach, the democratic critique, which differentiates markets from capitalist ownership, inculcating only the latter. Although prevalent in the writings of a number of social theorists, its organizing principles have not been explicitly formulated. In this essay, I reconstruct its ethical core and demonstrate that it offers a better conception of the problematic standing of capitalist economies while avoiding the dangers inherent in the competing school.

Communitarian critiques of capitalism appeal to an economy organized to sustain a substantive conception of the good life. Their theoretical nucleus is the contrast between premodern and modern economies, distinguished in terms of the formation of markets. Aristotelian in provenance, its conceptual dichotomies underscore the radical discontinuities attending the rise of market society. The disjuncture between the two worlds on either side of the "great transformation" has

been variously represented: status and contract (Maine 1963); *Gemeinschaft* and *Gesellschaft* (Tönnies 1955); mechanical and organic solidarity (Durkheim 1964); embedded and disembedded economies (Polanyi 1968); production for use and production for exchange (Sahlins 1972). Beyond providing an understanding of the gulf separating traditional from modern societies, these contrasts convey a sense of the profound moral loss accompanying the transformation (Evans-Pritchard 1967, ix; Tönnies 1955, 37–9).

The critical intention of this school develops along explanatory and normative dimensions (see Booth 1994). First, it challenges the heuristic validity of modern economic science, limiting its explanatory purchase to the exceptional formation of a self-regulating economy. Only modern societies can be meaningfully understood in the vocabulary of the marketplace. To represent premodern economies in economic terms, to generalize a distinctly modern propensity to truck, barter, and exchange, is not merely anachronistic; it radically distorts the nature of premodern economies, whose institutional nucleus is the household. In orienting us to its world, the communitarian approach makes use of Aristotle's (1984, 1256a–1259a) economic analysis. Aristotle does not think, as we do, of the economy as an independent, specialized sphere governed by its own laws (the price mechanism), patterns of behavior (exchange), and motives (gain). *Oikonomia*, or household management, is oriented to and governed by noneconomic purposes. Like education, drama, and warfare, provisioning is an aspect of the community's life and so is subject to its normative concerns and political control.

Second, the historical perspective of premarket economies supplies the angle of vision for an incisive moral evaluation of market society. Aristotle's distinction between production for use and production for exchange serves to focus this critique. Although concerned with the acquisition of wealth, the household is primarily responsible for its proper use. Acquisition for the sake of gain confuses the necessary means of life with life's higher purpose. The marketplace epitomizes a prodigious human attempt to master economic necessity, which, much like the fate of King Midas, perversely subordinates human beings all the more to

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it. Its requirements corrode the society's moral fabric—community dissolves into the cash nexus, need is subordinated to profit, culture gives way to acquisition, leisure is sacrificed to work.

Democratic approaches represent a different way of thinking about our relationship with nature. Their hallmark is a concern with the moment of ruling in the process of material provisioning. That which distinguishes them from communitarian accounts is the shift in analytical focus from the marketplace to the property regime. Three claims characterize democratic critiques of the economy. First, property is essentially a form of rule, endowing owners with rights to command the services of others. Second, a fateful continuity underlies the transition from traditional to capitalist economies. Modern property fails to effect a fundamental break with traditional ownership relations. Capitalism is indicted because it preserves the defining feature of premodern property, generating political power to determine the risks and destinations of other people (Walzer 1983, 291). Third, this school disassociates markets from property: Capitalist ownership, not the market, constitutes the morally compromised aspect of the modern economy.¹

This essay is divided into two main parts. The first explores the organization of the premodern economy. Democratic and communitarian perspectives draw significant normative conclusions from analyses of traditional material life, but they appeal to very different aspects of it. The second section examines the transition from premodern to capitalist societies. In the democratic view, the changing nexus of public and private attending the formation of the modern economy reflects not so much the creation of an autonomous market as the privatization of economic power. In addressing the normative implications of this process, I argue that we must rethink not only the scope of society's governance over the economy but also the distribution of power within the workplace.

THE PREMODERN ECONOMY

Premodern Property Relations

The unifying theme of communitarian studies, drawn from Polanyi's theory of the embedded economy, is the claim that premodern material life was submerged in various kinds of noneconomic relations. Motives other than profit, such as prestige or communal solidarity, guided economic activity, and practices other than exchange, in particular reciprocity and redistribution, structured the economy (Polanyi 1968, 3–19, 139–57). To underscore the contrast between traditional com-

munity and modern market, however, Polanyi (1968, 16) must

deliberately disregard . . . the vital distinction between homogeneous and stratified societies, i.e., societies which are on the whole socially unified, and such as are split into rulers and ruled. Though the relative status of slaves and masters may be worlds apart from that of the free and equal members of some hunting tribes, . . . the organization of the economic system may still be based on the same principles.

Omitted from the analysis, then, is the economy's political aspect, the terms on which economic relations are experienced and contested by rulers and ruled. Communitarians, notes Booth (1994, 661), appeal to the premodern world

as a mirror in which we may more readily see the flaws of our own, and in the course of doing that, they abstract from its particular binding cement, from its hierarchy and domination. . . . Yet embeddedness is hardly intelligible apart from that context, and once it is extracted from its specificity it loses much of its conceptual substance, becoming an ill-defined, if seductive, perception of a 'thick' community.

Needless to say, Polanyi is fully aware of the dimensions of power in premodern and modern economies. The problem is that the process of ruling escapes the conceptual dichotomies that organize his work.²

To expose the economy's political face, democratic approaches recast Polanyi's theory of the embedded economy. Noneconomic relationships governed the material life of premodern societies. Embeddedness, however, refers primarily to the property regime constituting the relations of dominance and subjection. Premodern economies were distinguished by a characteristic form of ownership (Brenner 1986, 27–32).³ Its basic units were the individual households of lords and peasants. The peasant holding entailed direct access to the household's means of provisioning; domestic relations comprised its relations of production (Wolf 1966, 13). The aim of the household was self-sufficiency, to satisfy its customary needs from its own resources, reproduced by the family's labor force. Households were not, however, autarkic. "Nucleated" villages, clusters of households surrounded by agricultural land worked by villagers, formed the dominant pattern of settlement. The household's property rights were neither absolute nor exclusive. Ownership encompassed a wide variety of coincidental use rights, shaped by custom, that regulated overlapping claims to the same

¹ Seminal works in this school include Braverman 1974; Brenner 1986, 1987; Hilton 1973, 1975; Lindblom 1977; Macpherson 1973; Nove 1991; Thompson 1968, 1991; Walzer 1983; and Wood 1995. The distinction between markets and property highlights the contrast between communitarian and democratic criticism. I should add that most, but not all, of the theorists explored here make this distinction explicit; and most, but not all, agree that property, and not markets, is morally culpable.

² See also Sahlins (1972) and Scott (1976). Although both adopt Polanyi's theoretical framework to explain the distinction between premodern and modern economies, their actual analyses give a prominent place to political factors, especially economic power. The thesis that property relations rather than markets provide a surer conceptual lens to capture the dimensions of power in premodern economies and in the transition to capitalism is the centerpiece of Brenner's (1986, 1987) work.

³ Although they share some features with economies of hunters and gatherers, the economies I discuss are largely confined to those of settled peasant agriculturists. The reason for this focus is that primitive communities, in contrast to communities of peasant cultivators, lack a developed form of economic rule (Sahlins 1972, 130–48, 204–10; Wolf 1966, 3–4).

resources. Even the landlord's estate was normally farmed in scattered plots by peasant labor and so was entangled in the customary practices and rhythms of the village.

Although villages were virtually self-sufficient, they were not autonomous. Peasant holdings were normally attached to an overlord's household, establishing the nexus between ruler and subjects. Because peasant households possessed primary access to their own productive resources, rulers secured control over their domestic economy by political means, instituting direct, enforceable claims to their services. The subordinate condition of premodern producers assumed various forms of juridical dependence or political subjection—slavery, debt bondage, serfdom, *corvée* labor, and so on. Rent, tax, and tribute comprised the main forms of appropriation. The specific way in which an economic surplus was levied from the subject producers—for example, by means of a centralized palace bureaucracy or the institution of lordship—distinguishes different types of premodern economic formations (Anderson 1974, 401–9).

The process of ruling was one aspect of the relationship between lords and producers; equally important was its private character (Wood 1995, 31–4). A central feature of Western history is the progressive differentiation between public and private spheres of activity. Already manifest in Homeric Greece, this development can only partially be interpreted as a growing division between politics and economics. What took place was the separation of private from public domains of rule (Finley 1981, 213–32; Wood 1988, 85–9, 90–2). Although the state is a sovereign political community, noted Aristotle, the lord's household is an individual sphere of jurisdiction. The state is by no means entitled to supplant the authority of husbands, fathers, or masters over their proper subjects (Aristotle 1984, 1252a7–9). The landlord's estate was vested with certain political entailments, including control over dependent producers. Duby (1968, 220–1) provides an account of the political economy of the lord's household in this description of the early medieval *familia*:

The most highly prized of a lord's possessions . . . was to be found only in the 'family.' The complex social group known as the 'family' included first of all the domestics. It contained also peasants set up in their own homes; some, but not all, of the lord's tenants; freeholders who had become clients; and occasionally tenants of other lords. . . . He considered them 'his men.' What then did he expect from them? Above all he expected them to work. The eleventh- and twelfth-century 'family' constituted before all else a reservoir of manpower into which the master could dip freely for help in the cultivation of his demesne. The first duty of a dependent consisted in 'service,' by which was meant that he was bound to fulfill all his lord's orders. To make the most of the labor force which was entirely at his disposal the lord kept it as far as possible under his own roof.

The overlord's estate formed the terrain on which rulers and ruled disputed the terms of their relationship. Premodern economies were indeed characterized by production for use. The balance of political power,

however, conditioned the size and distribution of surpluses produced by the peasant economy. Peasant households faced the dominant classes as an organized village. Although not a community of equals, poor smallholders and wealthier peasants were still part of the same social group, responsible for administering their common affairs. The continuous coordination of tasks formed the practical basis of collective action. "Over time and over space," writes Thompson (1991, 107), "the users of commons . . . developed a rich variety of institutions and community sanctions which . . . effected restraints and stints upon use." Village self-rule was an integral aspect of peasant life:

In the setting of the village community or peasant commune, the peasant reaches a level of nearly total social self-sufficiency. The appropriation and division of land, marriage, social and religious needs are generally taken care of at the village level. A common interest in commune rights as well as in providing for productive activity requiring the participation of more than one family generates co-operation, generally coupled with some type of grassroots democracy. . . . All this makes the word *mir* (meaning 'the world' or 'peace') used by the Russian peasants to refer to their village commune, a significant description of its function (Shanin 1971, 244).

The Moral Economy of Work

In changing the analytical focus of the embedded economy to its political plane, democratic approaches reveal a different normative vision of material life. One striking blind spot in the communitarian critique is its failure to attend to what Booth (1994, 660) calls the "domination moment" in the premodern economy. This assessment, however, is incomplete. For among the most enduring cultural achievements of premodern smallholders is a conception of emancipation, the idea of freedom as masterlessness, born out of their struggles against the rule of landlords and the state. The primary intent of democratic studies is to give voice to the traditions of the village. Its normative purchase lies in the recovery of the villagers' customary consciousness of work.

In contrast to the ruling classes, whose norms stressed their exemption from economic activities, peasants were primarily engaged in organizing production. Accordingly, their resistance implicated the very practices that constituted the economy. Smallholders expected recognition of their independent worth, an understanding that they were not merely instruments at the lords' disposal, akin to domesticated animals or tools. "This feeling," writes Hilton (1973, 40), "lay behind the objections to the acquittal of rent obligations in the form of labor services on the lord's demesne, though other factors, such as the equation of forced labor under the coercion of the lord's bailiff with serfdom or slavery, were involved as well."⁴ Reflecting a deeply rooted aspiration to be attached to no house-

⁴ This norm is nearly universal among subject classes. Within the harsh constraints of American slavery, observes Genovese (1976, 140), slaves nonetheless "drew their own lines, asserted rights, and preserved their self-respect." Perhaps the moral resistance of slaves explains Aristotle's (1962, 1161b5–10) reticence to defend his own

hold but their own, peasant struggles called into question the division between ruling and working. While their lords equated economic freedom with leisure, peasants equated free status with independence, drawing a sharp distinction between working for their own sake and for that of their lords (Hilton 1973, 38–75; Wood 1995, 187–92). Their aim was to protect a sphere of free activity within what their rulers considered a realm of necessity.⁵

Peasant life observed its own economic routines (Sahlins 1972, 14–32, 51–69; Thomas 1964, 50–4; Thompson 1991, 355–61, 370–82). In comparison to modern wage laborers, premodern producers enjoyed more leisure and a more leisurely way of working. The available work force was normally underemployed. Production was oriented to the requirements of the task, and work ceased when livelihood was secured. The means of production were frequently homespun; households wielded their own tools, and knowledge of the required skills was widely available. Schedules reflected religious and secular traditions and practices, with no clear demarcation between economic and noneconomic activities. Work was unintensive and irregular—seasonal, short, flexible, and subject to all manner of interruption. This is not to say that productive activities were disrupted by extraneous cultural demands. Work had its own internal constraint, self-sufficiency; beyond it, time was available for other purposes.

Juxtaposing household and market, communitarian studies also invoke a moral world in which work serves human ends rather than economic imperatives. Without an analysis of the political dimensions of material life, however, the communitarian account of traditional work patterns remains deficient. These patterns cannot be explained by distinguishing production for use from production for profit. The absence of subjection, not the absence of markets, determined the ability of smallholders to control their own work and lives. Sahlins's (1972, 5–6, 27–9, 34–9) analysis of the contrast between paleolithic and neolithic economies provides an instructive illustration of the material consequences of rule. Hunters and gatherers, he argues, formed the original leisured societies; the transition to settled agriculture sharply increased the burdens of work. The principal reason lay in the imposition of the necessity to work for others. Primitive producers were exempt from the tribute, taxes, and rents normally levied on settled cultivators to underwrite the living

standards of ruling classes (Sahlins 1972, 131–2, 147–8; Wolf 1966, 2–4, 9–10). To varying degrees in different times and places, peasant villages were compelled to sustain superstructures of aristocracy, state, church, and towns. They were able to preserve their customary modes of work and leisure only to the extent that they succeeded in resisting or redressing the encroachments of rulers.⁶

Property relations explain the nature of premodern economic development (Brenner 1986, 1987; Sahlins 1972, 130–48). The organization of political power determined the possibilities for growth. By compelling cultivators to produce beyond their customary requirements, especially by employing the family's idle labor force, rent obligations forced peasant households to improve the productive capacity of the village. But only up to a point, for economic growth depended upon the ways in which rulers used the surpluses they extracted. Funds returned to the village in the form of productive investments, such as for land reclamation or irrigation, underwrote economic development. Premodern ruling classes, however, employed the lion's share of their income to preserve and improve the means of extracting additional income, to reproduce the political apparatus protecting their privileged position. This array of outlays, mainly for war and largesse, generally depleted the material resources of the village. Beyond the barriers set by the productive potential of the household, landlord exactions eventually crossed the limits of economic safety, precipitating the characteristic crises of premodern economies—repeated harvest shortfalls followed by demographic collapse.

The Moral Economy of Subsistence

Various redistributive practices protected households against the dangers of economic failure. Their governing principle was the reciprocal exchange of gifts (Mauss 1967). Occupying a middle ground between altruism and self-interest, presentations of goods and services engendered obligations to return gifts of comparable value at another date. As assistance given and assistance repaid, they provided a form of social insurance against hardship (Scott 1976, 167–76). Among unequals, debts took the form of patron-client relations: The subject's obligation to serve was required by the ruler's duty to provide timely support. At a minimum, peasants expected lords not to threaten their subsistence fund. At a maximum, they expected material contributions in securing their common welfare. Among equals, gifts took the form of village mutuality. Obligations were balanced, but only over the long run: Although one household immediately benefited from a transaction, at another time it was others' turn to benefit by chance shortages. The willingness of villagers to cooperate was rooted in their shared predica-

equation of slaves with instruments, recommending instead that master-slave relationships be based on friendship rather than sheer coercion.

⁵ Aristotle provided the most influential exposition equating work with enslavement by necessity. Communitarian and democratic approaches yield contrasting evaluations of Aristotle's normative economics. Whereas the former appeals to his critique of markets (Polanyi 1968, 95–115), the latter focuses on his contempt for labor and those who work (Wood 1988, 126–37; see also Murphy 1993, 87–112). Contemporary scholarship has disputed the view that ancient smallholders defined the freedom to which they aspired in Aristotelian terms (see Wood 1988, 137–45). Indeed, it is more plausible to suggest that pride in one's economic independence was prevalent in a society in which peasants and artisans were citizens.

⁶ Among the most successful were ancient Athenian smallholders. Reversing the commonplace notion that slavery supported the political activities of a leisured citizenry, Wood (1988, 109) argues that peasants and artisans increased the time available for politics by their ability to restrict the time traditionally spent working for their aristocratic compatriots.

ment. Normally on the margins of subsistence, successful households presented goods and services to their more unfortunate brethren, in the expectation of receiving appropriate succor when needed (Scott 1976, 5; Wolf 1966, 80).

Village conceptions of minimum subsistence rights are the centerpiece of communitarian studies of the premodern economy (Scott 1976, 176–9). As part of their critical apparatus against the marketplace, communitarian approaches stress the moral solidarity of the village, the predominance of production for a livelihood over production for gain. Democratic analyses amend this account: Establishing a boundary between communal and private provisioning is an essential political function binding all communities, traditional and modern (Moore 1978, 3–48; Walzer 1983, 64–94). Grounded in the elemental fact that humans must cooperate to survive, societies are charged with the responsibility of securing their common conditions of life. The obligations forged by gifts create and regulate a distinctive domain of security and welfare. Material hardship defines its scope: Members must not be allowed to fall below a minimum. The moral requirement to do one's share encompasses necessities as well as the funds needed to fulfill social roles, but its imperatives vary directly with the urgency of needs. Reciprocal gifts involve different sorts of goods and services, but obligations are particularly pressing for the means of livelihood. Private provisioning, sale for profit, is less culpable, the less goods are necessary for subsistence (Sahlins 1972, 210–9).

The redistributive functions of premodern villages, then, do not distinguish premodern from modern economies. More accurately, they constitute historically specific definitions of communal provisioning (Moore 1978, 22).⁷ Drawing the boundaries of security and welfare is in the first place a political task. The terms of association determine what is to be communally provided; beyond that lies the purview of individual provisioning. "Village egalitarianism," Scott (1976, 40) observes, "is conservative not radical; it claims that all should have a place, a living, not that all should be equal." What constitutes a living is continually renegotiated among the villagers. The conflict between what households owe themselves and what they owe the community is commonplace (Sahlins 1972, 124–30). Accordingly, maintaining the domain of security and welfare requires political coercion. Gifts are not entirely voluntary; they must be enforced (Scott 1976, 40–4). Providers of essential goods and services—millers and bakers, for example—must be constrained to serve the community, to work for fair allowance and not profit (Thompson 1991, 194).

Communal provisioning is necessarily redistributive. Social insurance benefits the most vulnerable, and its principles define the moral economy of the poor:

Here . . . is a more precise account of the social contract: it is an agreement to redistribute the resources of the

members in accordance with some shared understanding of their needs, subject to ongoing political determination in detail. The contract is a moral bond. It connects the strong and the weak, the lucky and the unlucky, the rich and the poor, creating a union that transcends all differences of interest. . . . Arguments about communal provision are, at the deepest level, interpretations of that union (Walzer 1983, 82–3).

Finally, establishing and patrolling the domain of security and welfare was predicated on the political power of the village and, indeed, of the poor within the village. Only successful resistance against their rulers secured sufficient resources to safeguard the villagers' conceptions of customary usage. One common manifestation of subsistence rights was the doctrine of just price, adjusting the cost of staples, especially bread, to the purchasing power of the poor. Popular protests aimed at "setting the price" were in fact actions by the poor to enforce their understanding of welfare and administer its distributive norms. They policed the boundary between public and private provisioning: Having forced providers to sell at the just price, the crowd often returned the proceeds to the rightful owners (Thompson 1991, 229–33).

The Normative Sources of Peasant Rebellion

An implicit contract governed the relationship between classes. Their pact was not, of course, formally written in constitutions. Rather, "what takes place . . . is a continual probing on the part of rulers and subjects to find out what they can get away with, to test and discover the limits of obedience and disobedience" (Moore 1978, 18). Lords and peasants worked out their economic relations in terms of conflicting definitions of usage rights, supported by appeals to tradition and sanctioned by manifest force. "Custom," writes Thompson (1991, 110), "may . . . be seen as a place of class conflict, at the interface between agrarian practice and political power." The reciprocity between rulers and subjects was hierarchical; its working principle was paternalism. Lords were expected to safeguard the welfare of their subjects; subjects, in turn, consented to transfer goods and services to their lords. On the one side, the privileges of rank were matched by the obligations of nobility; on the other, the deference of subjects was matched by customary expectations of support.

Paternalism had a strong ideological accent. Underlying it was the studied exercise of power. Landlord generosity was always something less than liberal; reciprocal relations between lords and peasants were sharply asymmetrical. Nevertheless, for both rulers and subjects, the paternalist ideal provided a performance standard that stabilized premodern political power, converting it into legitimate authority (Scott 1976, 181). "Unequal as were the terms of power in this conflict, yet power [had to] submit to some constraints, not only because custom had juridical endorsement and could itself be a 'property', but also because power might bring itself into danger if abuse of customary

⁷ Rawls's "difference principle," redistributing the effects of brute luck on economic well-being, is a modern representation of the traditional gift relationship (see 1971, 72–5).

rights outraged the populace" (Thompson 1991, 110–1). Rule was vindicated by its manifest contribution to the common welfare, especially because the state was simultaneously the lord's household, where power was exclusively held and privately exercised (Scott 1976, 184–5). The characteristic form of exploitation was rule which served the lord's own ends at the expense of the common good. Dissolving the reciprocal claims to deference, it justified resistance.

Peasant defiance has been characterized as "backward looking," essentially rebellions of consumers in defense of paternalism (Scott 1976, 11, 189). What this means is that peasants' ideas of legitimacy were drawn from their rulers' norms of the virtues and sins of the various orders of society. Rulers were blamed for their failure to discharge the duties that tradition and mutual obligation demanded of them. Writing about medieval peasant movements, Hilton (1973, 118) notes that rebellions were typically precipitated by members of the ruling class whose behavior "altered the customary relationships or disappointed normal expectations, to the detriment of the peasant class as a whole, rich and poor." Peasants perceived alterations in the social fabric from a conservative standpoint: "They cannot accept the abandonment of traditional roles by any one of the orders of the society—whose basic structure they do not . . . challenge" (p. 119). Addressed to deviant individuals or groups, their moral criticism upheld the order. The chief aims of peasant rebels were normally confined to removing offenders from power. And their main interest was to protect their roles as "consumers rather than producers. Except where communal land had been appropriated by local notables, the demand for the redistribution of land itself was strikingly absent" (Scott 1976, 11).

Embedded in this respect for custom, however, was a repudiation of class rule. As Scott (1976, 182) points out, "to say that there are norms in . . . power relationships is not to deny that . . . they may be exploitative. . . . There is . . . no contradiction between the insistence on those remaining rights that exist within a constraining context and the recognition that the context is itself unfair." Once the ordinary producers made protection of their customary practices the touchstone of political legitimacy, failure by the lords to honor their obligations justified any remedy, however radical. Peasant uprisings made this potential manifest: Resistance against particular lords was transformed into a rebellion against lordship; the defense of paternalism became a critique of subordination, a rejection of homage or service of any kind (Hilton 1973, 130–4, 220–32; Scott 1976, 191–2).⁸ This egalitarian outlook, renouncing all reciprocal duties between rulers and subjects, is succinctly conveyed by a commonplace adage among peasant rebels in medieval Europe: "Whan Adam dalf and Eve span, wo was thanne a gentilman" (Hilton 1973, 211–2, 222).

⁸ This is a common pattern of social criticism: Normative judgments that begin by holding rulers accountable to their own performance standards deepen by their own immanent logic to implicate those standards themselves (see Walzer 1994, 41–61).

Nor was the peasants' normative standpoint merely that of petty consumers. Although peasants rarely sought to redistribute land, they struggled, with some success, to redistribute political power, to wrest from their overlords jurisdictional authority to make binding decisions regarding their persons and possessions. The struggles of smallholders to secure the autonomy of the village reflected a fundamental interest in maintaining a viable independence. Radical peasant protests rejected the paternalist division between those who ruled and those who worked, giving rise to the ideal of the independent producer. Concluding his study of peasant movements in medieval Europe, Hilton (1973, 235) notes "that the concept of the freeman, owing no obligation, not even deference, to an overlord, is one of the most important if intangible legacies of medieval peasants to the modern world" (see also Marx 1990, 927).⁹

No peasant community ever succeeded in fully emancipating itself from service to lord and state. On the contrary, peasants were the primary casualties of modernization. If the advent of capitalism eliminated the peasantry as a class, however, its moral vocabulary survived to become an integral part of a powerful critique of capitalist rule (Scott 1976, 240; Thompson 1968, 834–915).

MARKET AND PROPERTY IN THE CAPITALIST ECONOMY

The contrast between embedded and disembedded economies is meant to conceptualize the uniqueness of capitalist society. The modern system of self-regulating markets did not merely reorganize premodern material life. Its imperatives assumed a privileged role in organizing all society. On the one hand, markets wrested from the community responsibility for human provisioning. Land and labor were transformed into commodities, compelling all to derive their livelihood from purchase and sale. On the other hand, market forces pressed outward, progressively subordinating noneconomic domains—the household, politics, culture—to their requirements. Permitted to pursue its own blind laws, the market system would have devastating consequences:

To allow the market mechanism to be sole director of the fate of human beings and their natural environment . . . would result in the demolition of society. For the alleged commodity 'labor power' cannot be shoved about, used indiscriminately, or even left unused, without affecting also the human individual who happens to be the bearer of this peculiar commodity. . . . Robbed of the protective covering of cultural institutions, human beings would perish from

⁹ The notion of masterlessness is more generally grounded in the peasant experience (Wolf 1966, 106–9); Wood (1988, 126–37) traces it to the Greek *demos*. Patterson (1991) locates its genesis in the ancient experience of enslavement. But the emancipation of the Athenian smallholder preceded slavery, helping to reconcile the propertied classes to the new democratic regime by supplying them with an alternative source of dependent labor (Finley 1980, 67–92). The contrast between freedom and slavery emerged in stark relief once peasants ruled out all other forms of subjection, especially debt bondage.

the effects of social exposure; they would die as the victims of acute social dislocation (Polanyi 1957, 73).

Booth (1994, 661) is right to be skeptical of this story. Just as the theory of the embedded economy overlooks the moment of domination in traditional societies, so does the account of the disembedded economy ignore the element of emancipation in modern economies. Markets embody a normative commitment to regard each person's interests equally, to protect a domain of self-determination wherein individuals are free to pursue their projects according to their own preferences.

Missing from Booth's assessment, however, is an account of capitalism's property regime. Liberal theory establishes a valid connection between markets and liberty. Capitalist ownership relations are another matter. In Lindblom's (1977, 46) words, "the traditional liberal argument is incomplete unless it defends private property as itself consistent with freedom. . . . It is simply blind to the implications for freedom of Proudhon's 'Property is theft!' as well as to implications of less extreme interpretations of how property is established and maintained." This is the distinguishing thesis of democratic critiques of the modern economy: Marketplace and private property, in the form of capitalist ownership of the workplace, constitute distinct economic domains, and only the latter is morally problematic.

To be sure, the normative barrier between capitalist property and markets cannot be sustained across the whole range of economic resources. In Polanyi's view, the moral failure of capitalist societies is grounded in the fact that markets usurp control over labor, land, and money. The constituent elements of material life—human beings and nature—and the universal medium of exchange cannot be counted as commodities. "The postulate that anything that is bought and sold must have been produced for sale is emphatically untrue in regard to them. . . . The commodity description of labor, land, and money is entirely fictitious" (Polanyi 1957, 72). Democratic evaluations of the marketplace, however, distinguish money markets from markets in goods and labor, including raw materials and machinery. Under capitalism, markets serve two distinct ends: They allocate existing resources, and they determine the course and rate of future development (Schweickart 1996, 71). The market in money, as a way of raising and dispensing investment funds, produces substantial concentrations of private economic power. Investors constitute a privileged class in capitalist societies. The need to maintain investors' confidence severely constrains the scope of democratic policymaking because the quality and pace of economic growth are crucially predicated on their decisions (Lindblom 1977, 170–88).¹⁰ Accordingly, democratic alternatives to capital-

ism envision supplementing or replacing financial markets with public processes of generating and allocating funds for new investment.¹¹ In contrast, markets in goods and labor, bringing together firms, workers, and consumers, constitute essential prerequisites of personal liberty (Walzer 1983, 104–5, 116). Capitalism's moral failure is not rooted in the operation of these markets but in its characteristic property regime.

Defining Capitalism

Central to democratic approaches is the claim that profound continuities underlie the transition from pre-modern to modern forms of property.

Private government survives in the post-feudal economy. Capitalist ownership still generates political power, if not in the market, where blocked exchanges set limits at least on the legitimate uses of property, then in the factory itself, where work seems to require a certain discipline. Who disciplines whom? It is a central feature of a capitalist economy that owners discipline non-owners (Walzer 1983, 294).

Modern property does not merely transform resources into fully marketable commodities. More important, ownership achieves an unprecedented control over production. The market relations regulating the economy outside the workplace do not penetrate within, where owners determine how work is planned, scheduled, and distributed. Having purchased labor services in the marketplace, owners or their managers become bosses, commanders of troops. They do not bargain over the amount or kind of work to be done; they order it.

Adam Smith's descriptions of exchange, on the one hand, and of the allocation of work in the pin manufactory, on the other, reveal the disjuncture between marketplace and workplace. Producers inside the plant are not free to "truck, barter, and exchange one thing for another," or to decide on the amount and type of work they will do, the way "the butcher, the brewer, or the baker" are free to take advantage of an opportune situation (Smith 1937, 13, 14). Private property places the factory not only beyond public purview but also beyond the market. Its workers are tightly organized and regimented by the owner, each confined to repeat "one simple operation, . . . making this operation the employment of his life" (Smith 1937, 7).

For democratic theorists, the hallmark of the transition to capitalism was the change in property relations (Brenner 1986, 1987; Macpherson 1973, 120–33). Pre-modern terms of access to productive resources were fundamentally redefined. Rights founded on ancient

productive contribution, including risk and innovation. The financial reward accruing to inert owners invites comparison with feudal rents (see Galbraith 1971, 378).

¹¹ Public control over banking and finance raises extremely vexing questions: What role, if any, would remain for capital markets? What compromises might obtain between public authorities and private investors, between centralized and decentralized planning, and between government investment and investment financed from enterprise funds? For alternative suggestions, see Nove 1991, 220–1, 238–45; Schweickart 1996, 70–6, 131–6.

¹⁰ The private power of investors is tied to their structural role in making funds available, independently of any role they may play in managing the enterprise. Accordingly, investors remain privileged even if they do not control the workplace. From a democratic standpoint, interest income, the return paid on safe loans of money, raises a host of normative concerns, since it is unrelated to any

practice, protected by custom, gave way to prescriptive rights to things, protected by formal law. Shared claims to the same resources, limited to specific usages, were transformed into absolute, individual claims to exclude others from their use or benefit. Contemporaries summed up these changes under the notion of "enclosing," a process whereby the lords of manors or their farmers replaced the open-field system of agriculture with its intermingled strips and collective rules of cultivation, with cultivation in closed fields, at the discretion of the individual owner (Tawney 1912, 216–30).

Locke's defense of private appropriation, his rejection of the claims of common right usage, plays a pivotal role in this account of the transition to capitalism (see Wood 1984). What Locke's text sanctions is the privatization of property, withdrawing access to resources—open fields, wastes, forests—from the jurisdiction of the village:

The grass my horse has bit; the turfs my servant has cut; and the ore I have digged in any place, where I have right to them in common with others, become my property, without the assignation or consent of any body. The labor that was mine, removing them out of that common state they were in, hath fixed my property in them (Locke 1980, 28).

Only enclosure of common lands protected by formal title required consent; no agreement is otherwise required to enclose the commons, which may be individually appropriated "without the assignation or consent of any body." Locke denies that customary usage has any force against private appropriation, which he places beyond the province of communal authority. This includes appropriation of the free gifts of nature, resources not produced by labor, contravening what Bloch (1966, 182) considers one of the core principles of ancient practice: "the feeling that wild places and water, untouched by human hand, could not be appropriated by any individual."

Privatization of property was one aspect of the transition to capitalism. The other was its concentration in the hands of the wealthy. The increasingly absolute definition of property changed the use rights of both lords and peasants into "virtually unlimited and saleable rights to things" (Macpherson 1973, 128). But feudal tenures were not symmetrically abolished. The lords retained use and benefit of resources, while "at the same time, in the name of absolute individual property, the common and use rights of the 'lower orders' were eroded" (Thompson 1991, 161). The open-field system had been under pressure since the fifteenth century, as cottagers themselves engaged in small acts of enclosure in response to growing market opportunities. But "the effect of enclosure by the lord of a manor or large farmer was usually very different from that of enclosure by the customary tenants. The latter was a slow process of attrition, which went on quietly from one generation to another. . . . The former was frequently an invasion" (Tawney 1912, 151).

Agrarian rebellions are normally characterized as protests against the encroachment of the market.

Smallholders were not, however, implacable foes of commercial principles (more on this in what follows). What they resisted was expropriation. They rejected Locke's (1980, 36–7) reading, in which the passage from the earliest ages of the world, when households had independent access to their means of production, to modern times, when improving landlords closed off the commons, is accomplished without loss of status. Juridically free, they were dispossessed. The loss of access to forests, wasteland, and common pasturage undermined the bedrock of their economic independence. The Levellers, many of whom were petty producers themselves, represented democratic currents in the seventeenth century which disputed the normative implications of Locke's mode of characterizing the master's appropriation of another's labor as equivalent to the smallholder's own (Hampsher-Monk 1976, 420–2).

From the democratic standpoint, then, capitalist property represents the most developed, or pure, form of private rule over people's material lives (Wood 1995, 19–48). The estate was fully severed from the state, consolidating the separation between private and public spheres of power. On the one hand, capitalist ownership dispensed with all paternalistic obligations to safeguard subjects' welfare, transferring them to the public domain. On the other, rule over the human interchange with nature was effectively privatized, protected in an "economic" domain beyond the reach of public deliberation and decision making. Ordinary producers were emancipated from the duties of deference that bound them to benevolent lords; but they became the subjects of a purely despotic enterprise, in the Aristotelian sense that owners command their services in the owners' private interest. Capitalist ownership surrendered the legitimate use of power—to tax, adjudicate, conscript—to the state. At the same time, the power of property reached deeper into material life itself. In contrast to precapitalist rulers, who fulfilled little entrepreneurial function themselves, capitalist owners assumed exclusive authority over production. Released from its general social duties, capitalist economic rule is no longer legitimated politically, by reference to the performance of communal functions. Private power is stabilized to the extent that democratic principles of rule are successfully insulated within a public domain.¹²

Capitalism and the Human Good

Communitarian critiques locate the barriers to human flourishing in the disembedded marketplace. The classical liberal claim that the market is conducive to individual self-realization is based on the wide field of choices it makes available. In challenging this claim, communitarian approaches focus on the ways in which markets predetermine this field of choice. As Polanyi

¹² See Friedman 1962, 23–4; Hayek 1944, 69–70. In their view, the stability of both democracy and capitalist ownership depends upon removing questions of economic rule—such as workplace organization and investment—from the province of public discourse.

observes, the reduction of labor to an article of commerce, bought and sold like other commodities, exposes working people to all the vicissitudes of the marketplace. Modern workers are indeed free to choose their economic activities, but their choices are subordinated to the requirements of capitalist accumulation. Divorced from the means of production, wage laborers are presented with an unacceptable exit option—a choice between the labor market and unemployment, with its attendant loss of status and livelihood.

In the view of democratic theorists, the pernicious consequences Polanyi attributes to market systems—insecurity, inequality, unfreedom, alienation—are more correctly attributable to private property regimes (Lindblom 1977, 105). The normative implications of markets are essentially by-products of the property relations within which they develop. This thesis is fleshed out in Thompson's accounts of early modern England, which serve as case studies of an emancipatory symbiosis of property and markets.¹³ This period, roughly from the fifteenth to the eighteenth century, has been characterized as the golden age of the petty producer (Marx 1973, 510; Postan 1972, 142; Thompson 1968, 302, 338). Rebellious smallholders successfully loosened "traditional manorial, parochial, corporate and paternal controls" (Thompson 1991, 9; see also Hilton 1975, 18–9). Theirs was an economy of relatively untrammelled simple commodity production, a petty bourgeois world of small farmers and cottagers, masters and journeymen. Their economic independence was predicated on three conditions. First, underlying it was the expansion of market relations: The nonmonetary favors and services subjects customarily rendered their masters gave way to wages paid to free, mobile labor. Second, trade and industry expanded, not by way of concentration into large manufactures, but "on the basis of the multiplication of many small units of production, with much by-employment (especially spinning) coincident with many continuing forms of petty land tenure (or common right) and many casual demands for manual labor" (Thompson 1991, 41). Third, a large proportion of petty producers retained ownership of their means of production, giving them direct control of their immediate relations and terms of work. The eighteenth-century English crowd, writes Thompson (1991, 38–42), carried through

a qualitative change in labor relations. . . . A substantial proportion of the labor force actually became more free from discipline in their daily work, more free to choose

between employers and between work and leisure, less situated in a position of dependence in their whole way of life, than they had been before or than they were to be in the first decades of the discipline of the factory and of the clock. . . . Working often in their own cottages, owning or hiring their own tools, usually working for small employers, frequently working irregular hours and at more than one job, they had escaped from the social controls of the manorial village and were not yet subject to the discipline of factory labor. . . . Free labor had brought with it a weakening of the old means of social discipline.

Rather than undermine the independence of small producers, evolving markets fostered it. To be sure, their economy was never far above subsistence. But most were able to adjust to changes in the market, lengthening or shortening the working day, taking up subsidiary by-employments in their cottage, supplementing their subsistence from the common, the harvest, and occasional wage labor. Work retained the rich variety and irregular rhythms typical of preindustrial occupations. Gentry and master manufacturers were obsessed with the problems of work discipline; "mere wage-payment could never secure 'zealous services'" (Thompson 1968, 397). "The most characteristic complaint [among employers] throughout the greater part of the century was as to the indiscipline of working people, their irregularity of employment, their lack of economic dependency and their social insubordination" (Thompson 1991, 37).

The colonial encounter between capitalist and premodern economies repeated the clash over work discipline. "It proved necessary," observes Sahlins (1972, 86), "to beat [premodern] people into shouldering the white man's burden." Prices and wages merely produced "irrational" responses: "Recruited as plantation hands, they frequently showed themselves unwilling to work steadily. Induced to raise a cash crop, they would not react 'appropriately' to market changes." Work ceased when earnings satisfied customary requirements, regardless of the available opportunities, provoking charges of congenital indolence from colonial authorities and employers. Production for exchange alone did not succeed in reorienting the smallholding economy toward accumulation. Production for capitalist masters did, but this eventuality presupposed the transformation of the premodern property regime. The colonial period recapitulated the European transition to capitalism (Marx 1990, 931–40; Scott 1976, 7–8; Thompson 1991, 164–75). The encroachment of Locke's view of property "eliminated many of the possibilities for village poor to remain independent. . . . Increasingly, the only route to survival within the village led to a permanent dependence on those who hired labor. For many peasants it represented a decisive break with the past as the means of their subsistence now passed entirely out of their hands" (Scott 1976, 64).

Communitarian critiques of the capitalist economy mistakenly equate the market in labor with the privately ruled workplace. Adjoined only in capitalist economies, they are analytically distinct (Lindblom 1977, 105). Very different forms of ownership and

¹³ Thompson's work is often represented as a critique of modern markets. The focus of his studies, however, is the impingement of capitalist property on the premodern economy: see "Custom, Law, and Common Right" (1991, chapter 3) and "Time, Work-Discipline, and Industrial Capitalism" (1991, chapter 6); see also Thompson 1968, Part Two. For his analyses of the marketplace, see "The Moral Economy of the English Crowd in the Eighteenth Century" and "The Moral Economy Reviewed" (1991, chapters 4, 5). But Thompson limits these investigations exclusively to "the market as dispenser of subsistence in time of dearth" (1991, 272). The bearing of the market on people's lives is in his view a product of class conflict (1991, 287). Like Hilton (1975), Thompson accentuates the emancipatory aspects of the petty bourgeois world that emerged in early modern England.

management of firms are fully compatible with the maintenance of markets in goods and services, including labor. Alternatives featured within the democratic school involve worker self-management combined with various forms of public, cooperative, and small-scale private ownership (Nove 1991, 210–49; Schweickart 1996, 60–77). In this context, the relationship among firms and individuals is governed by the market. But employees enter the firm as voting members rather than as human capital, a change full of consequence for the determination of wages and working conditions, the distribution of work and leisure, and patterns of social conflict.¹⁴

In refocusing normative critique on the workplace, democratic approaches redefine the nature of capitalist unfreedom, which may be best understood (borrowing from Hirschman 1970) as a loss of “voice” rather than restricted “exit.” What modern wage laborers lack is the freedom to shape their conditions of work. A decision to quit is a grossly imperfect way of expressing dissatisfaction: Choosing one’s mode of work is reduced to choosing whether to work at all (Lindblom 1977, 331). Capitalist ownership, not the labor market, presents modern wage laborers with a sharply constrained option set—between unemployment and authoritarian workplaces (Lindblom 1977, 45–51). In no other economic system is work so strictly supervised or so rigidly disciplined, and in no other system is the organization of work so immediately and directly responsive to the requirements of private accumulation.

Production for Profit

In the communitarian account, the modern market institutionalizes the imperative to accumulate. Its dictates regulate not only exchange relations but also social relations in general, including the organization of work. Capitalist owners and their managers are merely responding to the demands of competition, which oblige them to engage in an endless pursuit of profit. Democratic approaches challenge this conclusion. Market forces do not uniquely determine a firm’s policies:

There is no one obvious production and sales strategy that will avoid loss and maximize profits, sales, or whatever other desideratum the corporate leadership pursues. Even simple profit maximization would be complicated. . . . The fact is . . . that even under highly competitive conditions, corporate executives cannot . . . unerringly find one correct solution to their complex problems. Since they cannot, they have to exercise discretion. Even in principle there is no one least-cost solution to a complex problem (Lindblom 1977, 153, 155).

The relationship between marketplace and workplace is indirect. Samuelson (1957, 894) suggests that

¹⁴ Empirical findings indicate widespread job dissatisfaction among contemporary employees. Lane’s (1991, 287) review of the literature concludes that “workers are more dissatisfied even if the objective features of work have not declined.” The prevailing theme in employees’ moral economy is resentment over the absence of autonomy in their work (see Special Task Force 1973, 17–23, 94–6; Lane 1991, 237–59, 283–8).

competitive markets generate the same imperatives whether workers hire capital or capital hires workers. Who disciplines whom, however, has significant consequences for the organization of the workplace (Pagano 1985, 134–6, 149–77; Schor 1991, 59–82, 126–38; Schweickart 1996, 224–36). Markets require firms to improve productivity by increasing output from the same inputs, one of which is labor. But costs and benefits—in income, leisure, and meaningful work—can be variously distributed. Capitalist firms measure labor costs exclusively in terms of the wages bill, independently of the preferences of workers for their own patterns of work. What workers sell, and owners buy, is not a concrete service or product but the right to command their capacity to work, subject to the terms of the contract. Revenues confirm managerial decisions; but owners do not bear the consequences of their choices on job satisfaction. Capitalist firms are thus characterized by a pervasive conflict between workers and employers: While workers have an interest in organizing and scheduling work to improve their well-being, the main interest of employers is to use labor to maximize the firm’s profitability.

The ability of owners to establish control over the enterprise, to deploy employees among alternative tasks, is an essential condition of raising labor’s output relative to its costs. This aim presents itself to owners as the problem of management. Its solution consists in reproducing the premodern distinction between ruling and working inside the workplace. Owners of early modern factories produced detailed legal codes, including penalties for infractions, to govern and regulate the length and pace of work (Thompson 1991, 383–90). They were only partially successful:

Workers who are controlled only by general orders and discipline are not adequately controlled, because they retain their grip on the actual processes of labor. So long as they control the labor process itself, they will thwart efforts to realize to the full the potential inherent in their labor power. To change this situation, control over the labor process must pass into the hands of management, not only in a formal sense but by the control and dictation of each step of the process, including its mode of performance (Braverman 1974, 100).

The most significant advance in the assertion of rule within the workplace was accomplished by dissolving the premodern unity between the conception and execution of work. Smith’s claim that the extreme specialization of the capitalist factory is necessary to maximize productivity is not persuasive (Braverman 1974, 76–83; Marglin 1978, 16–20; Murphy 1993, 155–64; Pagano 1985, 8–18). His argument mistakenly equates the technical separation of tasks with the development of job-specific skills. Specialization improves workmanship; confining individuals to “a few very simple operations,” as Smith (1937, 734) acknowledges, destroys it, so that the worker “becomes as stupid and ignorant as it is possible for a human creature to become.” Productivity is gained by analyzing complex processes into discrete steps; but the division of tasks need not involve detailed specialization. Technologies can be designed and combined with

different patterns of work in a number of equally efficient ways (Murphy 1993, 19–33). The process which eroded workers' autonomy and skills, assigning each worker to a discrete task, was the special product of capitalism. Its purpose was not to improve productivity. Early modern manufactories were not more efficient than other forms of industrial organization. They enabled owners to augment profits by destroying the craft as a process under the control of the producers and reconstituting it under their own control (Braverman 1974, 75–9).

Capitalist rule was given its most comprehensive formulation by Frederick Taylor (1976a, b) in the form of the principles of "scientific management." In his view, the main obstacle to profitability was not technical inefficiency but what he called "systematic soldiering," or "loafing." Its root cause was not "natural laziness" but, rather, "a careful study on the part of the workmen of what they think will promote their best interests. . . . The greater part of systematic soldiering . . . is done . . . with the deliberate object of keeping their employers ignorant of how fast work can be done" (Taylor 1976a, 30–3).¹⁵ Taylor's remedy required divorcing employees from all participation in conceiving and directing their work, confining them instead to carrying out detailed instructions. Management functions were to be consolidated in the owners' hands, so that knowing what to do and actual doing became separate and mutually exclusive functions (Taylor 1976a, 98–99; 1976b, 36–8). Effectively reduced to one of the factors of production, workers were subject to the full authority and discipline of their employer.

Many of Taylor's recommendations for enforcing discipline have been superseded (Bendix 1963, 319–31).¹⁶ Retaining control, however, remains the underlying preoccupation of owners and their managers, grounded in the recognition that their interests are at odds with those of their employees.

The principal consideration is . . . the stability and continued success of the company, which are secured and judged by "sound management." Accordingly, there is an unequivocal order of authority in the company, which is communicated in handbooks prepared for employees. The management decides upon what constitutes fair pay, fair treatment, and the right job for each employee, and it provides the opportunities for . . . advancement. Clearly, there is no suggestion here that orders will be executed only if employees give their tacit consent. The implication is rather that they be executed because management has unquestioned authority (Bendix 1963, 328).

Markets require firms to produce efficiently. But the profile of the modern firm—work schedules, income

distribution, and the occasions for skill development, personal accomplishment, and the exercise of responsibility—would look very different if employees mapped their own production and sales strategies.¹⁷ To be sure, cooperatively managed firms do not obviate the tension between the diverse objectives of work. Difficult compromises must be reached among individuals with different preferences and needs—for satisfactory work, leisure, and income. Unlike capitalist firms, however, in which owners apportion benefits and costs, the members of the cooperative themselves determine the trade-offs among these aims (Pagano 1985, 174–7; Schweickart 1996, 231–4). What is important is that these decisions are not the prerogative of ownership; they are properly political, involving the exercise of power, and hence subject to the democratic rule of workers themselves (Walzer 1983, 302–3).¹⁸

The Domain of Need

A central concern of communitarian critiques is the change occasioned by modern markets in the relationship between public and private provisioning. The domain of security and welfare contracted dramatically in the early history of capitalism, abandoning the distribution of staples to the vagaries of the marketplace. In defense of the new economic principles, Smith (1937, 14) chose his examples carefully: "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. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages." In early modern Europe, bakers, even more than millers, "were considered as servants of the community, working not for a profit but for a fair allowance. . . . The baker's allowance or profit was calculated strictly according to the Assize of Bread, whereby either the price or the weight of the loaf was ordered in relation to the ruling price of wheat" (Thompson 1991, 194). Smith's doctrine overturned the premodern understanding of the

¹⁷ Abrogating the political entailments of property would dramatically reduce the inequalities produced by the free operation of the market. "The gross inequalities that we see around us today could not be sustained. They derive more significantly from status hierarchies, organizational structures, and power relations than from free markets" (Walzer 1983, 117). Scarcity, ambition, and talent would still command a premium. But "the more perfect the market, the smaller the inequalities of income will be, and the fewer the failures. If we assume a rough equality in mobility, information, and opportunities for training, it ought to be the case that the most attractive jobs will draw the most applicants, and so the wages they pay will fall; the less attractive jobs will be shunned, and so those wages will rise" (Walzer 1983, 116–7).

¹⁸ Cooperatives permit considerable variation in the scope and level of workplace participation. Clearly, some balance needs to be struck between authority and accountability, conditioned by the nature and size of the firm (see Whyte and Whyte 1988, 209–16). Surveying twenty-five years of research, Blumberg (1969, 123) concludes "there is hardly a study in the entire literature which fails to demonstrate that satisfaction in work is enhanced or that other generally acknowledged beneficial consequences accrue from a genuine increase in workers' decision-making power." For more skeptical assessments of the claims made on behalf of workplace democracy, see Lane 1991, 329–36; Greenberg 1986, 113–4.

¹⁵ Taylor's concerns reflected the preoccupations of American employers not only with the intractability of workers but also, and equally important, with the growing tide of the trade-union movement (Bendix 1963, 274, 281–2).

¹⁶ Employers did not readily accept Taylor's conception of their role, at least in part because they "regarded his methods as an unwarranted interference with managerial prerogatives." Nevertheless, "the principal ideas in Taylor's work were widely accepted: the social philosophy rather than the techniques of scientific management became part of the prevailing managerial ideology" (Bendix 1963, 280, 281).

right to subsistence, effectively relocating the domain of need within the purview of the marketplace: Necessities, foodstuffs in particular, became articles of commerce; just price was replaced by market price; and public service gave way to self-love. Polanyi (1968, 38–53) is correct to point out that nineteenth-century social movements were in part efforts to reassert society's governance over the distribution of the means of consumption (see also Mauss 1967, 65–8).

The theory of the disembedded economy, however, misconstrues the nature of the change. According to Thompson (1991, 201–2), Smith's theory entails "demoralizing" the economy, evacuating it of intrusive normative considerations. But the central dilemma is not the market's independence from society's governance, the cash nexus, or production for gain. Smith's doctrine raises a moral concern because it would strip the community of its authority to distribute the resources needed to guarantee a basic livelihood. What its axioms violate is the principle that subsistence goods, things which serve needs as a society understands them, should not be sold for profit (Thompson 1991, 272–4). This explains the moral roots of early cooperatives and friendly societies, indeed, of every demand for an expansion of social welfare—these are not attempts to abolish the market but, rather, to (re)establish its proper scope, to create a system of social insurance for the provision of certain key social goods.¹⁹ The contest between democracy and the market lies here, in defining the nature and extent of needs. Once a definition is generally accepted, distribution is removed from the operation of the market and replaced by mutual provision. And once its boundaries are appropriately drawn, the marketplace, traditional and modern, ceases to present a moral dilemma (Walzer 1983, 107–8).

CONCLUSION

In Booth's view, the theory of the embedded economy engenders normative reflection on our interchange with nature. At the same time, however, he concludes that its moral vision is little more than "a museum piece," a warning against the dangers of economic romanticism (Booth 1994, 663). Indeed, reembedding the marketplace, subordinating production to serve a substantive way of life, incurs considerable moral costs.

¹⁹ Establishing a domain of security and welfare, in which goods and services are publicly provided, need not entail a turn to communitarian concerns with promoting a particular way of life. Democratic approaches suggest an alternative conception. Grounded in a distinction between substantive and formal self-determination, the purpose of restricting the operation of the market in light of socially defined needs is to enhance what Rawls calls "the worth of liberty," that is, to permit individuals to pursue their own chosen way of life, free from social and natural impediments over which they have little control (Rawls 1971, 204–5; Macpherson 1973, 57–76; Nove 1991, 222). Democratic theories (of the sort I defend) endorse a "neutral state," that is, one which does not deliberately rank different conceptions of the good; communitarian theories favor a "perfectionist" state, that is, a state that does publicly rank them. In Walzer's (1990) view, public policy should be guided by a modest perfectionism, designed to sustain cultural complexity.

Leaving aside questions of efficiency, the concentration of political control required to plan complex relations of production and distribution constitutes a significant threat to liberty. Contemporary communist states bear an uncomfortable resemblance to premodern despotic households written large.

The democratic economic school also draws its normative vocabulary from the premodern world. Its source is not the embedded economy but the aspirations of petty producers for economic masterlessness. The practical aim of this school, then, is not the abolition of the marketplace but the democratization of property, the modern workplace in particular. The moral vision guiding it entails the re-creation of the precapitalist world of simple commodity production in modern form, to reproduce

under the conditions of large-scale industry and agriculture, just those features of the petty-bourgeois economy that make its risks, and the inequalities that follow from those risks, defensible. Democratic decision making, like petty-bourgeois smallholding, is a way of bringing the market home, connecting its opportunities and dangers to the actual effort, initiative, and luck of individuals (and groups of individuals) (Walzer 1983, 118).

The task of the democratic critique is to realize the break which the transition from the traditional to the modern economy failed to make, to abrogate the rule of capitalist property.

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