

future explorations of regime transitions and the varieties of justice during transitions.

Freedom, Efficiency, and Equality. By T. M. Wilkinson. New York: St. Martin's, 2000. 199p. \$65.00.

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Today capitalism enjoys global hegemony, ideologically, economically, and politically, but the economic benefits of capitalism are distributed in a radically inegalitarian manner. To many, even many who might wish it otherwise, this seems inevitable. This vast and increasing inequality is simply the price human beings must pay for freedom and prosperity. Martin Wilkinson's goal is to challenge that view. In this excellent book, he argues that it is possible, at least in principle, for an economic system to combine freedom, efficiency, and equality.

The primary goal of Wilkinson's book is not to convince people hostile to equality that they should change their views but, rather, to help people sympathetic to equality to think more carefully about what they should pursue and how they should pursue it. The first few chapters are devoted to a discussion of freedom, efficiency, and equality. Wilkinson wants to explain both why these values matter and how they might come into conflict. He shows that it is relatively easy to imagine arrangements that combine any two of these values but more difficult to see how to combine all three, a difficulty that he calls the trilemma.

The incentives problem is at the heart of the trilemma. Occupational freedom and economic efficiency require some sort of market arrangement, but an egalitarian distribution of income would interfere with the incentives that make ordinary markets work. Wilkinson argues that the trilemma cannot be avoided so long as people make their occupational choices purely on the basis of their own ends and preferences. What is needed instead is the introduction of moral motivations into economic affairs and, more specifically, a (legally unenforceable) social duty to make occupational choices with an eye to the effect of such choices on efficiency and equality. If people are motivated by this sort of social duty, it will be possible to cut the link between production and distribution and to distribute income on an egalitarian basis. (This egalitarian distribution may not simply be equal money incomes because it may be appropriate to provide some financial compensation for burdensome work.)

The specific moral duty that Wilkinson proposes (which he calls the counterfactual duty) is the following: "respond to market prices in the egalitarian system as though you were getting the money for your own personal consumption" (p. 136). It is counterfactual because incomes will be taxed at 100% and redistributed as equality requires. Wilkinson argues that this counterfactual duty is compatible with efficiency and also with all the underlying values that make occupational freedom so important, such as the capacity to say "no" to bosses, personal autonomy, and opportunities for self-development. He also contends that it is not an excessively demanding moral requirement. It still leaves considerable scope for reasonable self-interest and the pursuit of important personal projects because these sorts of concerns are reflected in the kinds of occupational choices people make in responding to market prices, and so they will be reflected in his egalitarian system as well.

This brief summary cannot do justice to the richness and variety of the arguments that Wilkinson develops in the course of his work. For example, his discussion of occupa-

tional choice in chapters 2 and 3 is the only sustained normative analysis I have seen of this important topic. The book is filled with brief, lucid critiques of such authors as Joseph Raz, Brian Barry, Thomas Nagel, and John Rawls on key points, and these critiques are always presented in ways that advance the overall argument rather than distract from it. I should perhaps mention that Wilkinson's egalitarian system explicitly builds upon an egalitarian model I proposed some years ago, although it differs from my model in several important ways. Most of his book, however, is concerned with normative questions about egalitarianism that I did not explicitly pursue.

The kind of egalitarian system that Wilkinson sketches is obviously not on the horizon, and he makes no pretense of offering a program for political action. What he offers instead is an exploration of fundamental principles. Our sense of inevitability about the way things are today may stem in part from the poverty of our imaginations. It is refreshing to have an inquiry that asks us to think again about unexamined presuppositions and to consider whether there might be alternative modes of organizing our social and economic world that would make it possible for all to share much more equally in the benefits of what we produce together.

One can disagree even with a book that one admires. I worry that Wilkinson is neglecting some important problems of institutional design in the way he constructs his model. Even in an egalitarian system that relies on social duties, one should try to minimize direct conflicts between actors' interests and their duties or at least to make the potential conflicts as evident as possible both to the actor and to others. In other words, we want to minimize moral hazard problems. In existing markets, people often do not know how they will respond to an offer until they actually receive it and have to make a real decision. In asking people to respond to market prices as though they could keep the money (even though they cannot), Wilkinson may be asking something that is not psychologically feasible. At the least, where money is compensating for other factors (e.g., job stress, collegiality, location) for which there might be no compensation in an egalitarian system, people would have a powerful incentive to persuade themselves that the monetary compensation would not have been enough.

Wilkinson does suggest that the egalitarian system may provide compensation for some of the burdens of work, but he underestimates the difficulties in doing so. He assumes, for example, that setting the right level of compensation for the burdens of work is merely a matter of establishing the right metric for equality, an issue that is much disputed among contemporary egalitarian philosophers (including Joshua Cohen, Joseph Raz, Philippe Van Parijs, and others) and that Wilkinson himself does not attempt to resolve. But even if we had the right metric, it might not be easy to apply it, and the attempt to do so could have its own perverse effects on incentives, especially given the variability of what people find burdensome.

Regardless of what one thinks about these details, the work as a whole is remarkably clear, coherent, and accessible. Wilkinson is absolutely right to draw our attention to the fundamental difference between egalitarian projects that rely on moral motivation and those that do not (p. 90). I think he is also right to argue that only the former have any chance of real success in achieving equality. Anyone interested in thinking more deeply about egalitarianism will benefit from reading this book.