Introduction

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The two lectures that are the centerpiece of this volume call for a radical rethinking of the relationship between private enterprise and the freedom and dignity of workers. They describe—in broad but vivid brushstrokes—a centuries-long decline in free market progressivism. They argue that, from the time of the English Civil War, in the mid-seventeenth century, to Abraham Lincoln, two hundred years later, there were good grounds for optimism about the capacity of free markets to promote equality of status and standing. That optimism gave way—with the Industrial Revolution, and for reasons described later—to pessimism concerning rising inequality and domination in the workplace. As opportunities for self-employment declined drastically, workers had fewer alternatives to managers' arbitrary and unaccountable authority. The breadth of that authority is extremely wide, leaving workers vulnerable to being fired for speech and conduct far removed from their workplaces. Today's free market thinking—among scholars, intellectuals, and politicians—radically misconstrues the condition of most private sector workers and is blind to the degree of arbitrary and unaccountable power to which private sector workers are subject.

Just how this happened is the subject of Elizabeth Anderson's important and timely Tanner Lectures on Human Values, first delivered at Princeton University in early 2014. Anderson is one of the world's foremost political philosophers: the author of widely influential books on *Values in Ethics and Economics* (1993) and *The Imperative of Integration* (2010). Among her many articles, the pathbreaking "What Is the Point of Equality?" (1999) shifted the attention of social philosophers beyond a sole focus on inequalities in material distribution toward equality in social relations. Professor Anderson's long-standing concerns with social equality of authority, esteem, and standing are at the center of this book.

The two lectures are followed by four pointed commentaries originally delivered, and revised for publication, by eminent scholars who draw on their expertise in history, literature, political theory, economics, and philosophy. The volume ends with Professor Anderson's response to the challenges of her critics.

The remainder of this introduction offers a brief overview of each of these contributions.

In her first lecture, Elizabeth Anderson argues that free market political and economic theory—nowadays associated with libertarians and the political right—originated as an egalitarian and progressive agenda: from the Levellers in England in the seventeenth century through the American Civil War, "market society" was often understood "as a free society of equals." Anderson ably sketches the highlights of the free market egalitarianism of the early modern period, focusing on the Levellers, John Locke, Adam Smith, and Thomas Paine, among others.

Economic liberties and free markets were opposed to social hierarchies in the economy, politics, religion, society, and the family. As she nicely summarizes:

> Opposition to economic monopolies was part of a broader agenda of dismantling monopolies across all domains of social life: not just the guilds, but monopolies of church and press, monopolization of the vote by the rich, and monopolization of family power by men. Eliminate monopoly, and far more people would be able to attain personal independence and become masterless men and women.

It was only in the nineteenth century that free market thinking drifted away from its earlier egalitarian moorings. Following Paine, free market thinkers increasingly regarded the state as an abuser of power in the name of special interests. The other cause was the Industrial Revolution.

In the seventeenth and eighteenth centuries, thinkers such as the Leveller John Lilburne and the great political economist Adam Smith assumed that free men operating in free markets would be independent artisans, merchants, or participants in small-scale manufacturing enterprises. Smith's "pin factory"—which illustrated the division of labor—had ten employees. Thomas Paine and the American Founders, who favored economic as well as political liberty, assumed that the bulk of the population would be self-employed. In late eighteenth- and early nineteenth-century America "free market wages were high" given "chronic labor shortages," and "self-employment was a ready option for nearly all" white men. Thus, it made sense to equate economic liberty, free markets, and independence.

Free market egalitarians of old were, moreover, far from doctrinaire libertarians in their policy proposals. Many, like

Smith and Paine, advocated public education, and Paine "proposed a system of universal social insurance, including old-age pensions, survivor benefits, and disability payments for families whose members could not work," as well as a universal system of stakeholder grants.

Summing up the free market egalitarianism of the seventeenth to the mid-nineteenth centuries, Anderson observes that

> Smith's greatest hope—the hope shared by labor radicals from the Levellers to the Chartists, from Paine to Lincoln—was that freeing up markets would dramatically expand the ranks of the self-employed, who would exercise talent and judgment in governing their own productive activities, independent of micromanaging bosses.

The Industrial Revolution dramatically altered the assumptions upon which free market egalitarianism had rested. "Economies of scale overwhelmed the economy of small proprietors," and "opportunities for self-employment shrank dramatically." It "dramatically widened the gulf between employers and employees in manufacturing," and, in addition, "ranks within the firm multiplied."

The radical changes wrought by the Industrial Revolution for most workers, and the consequent mismatch between free market theory and reality, gave rise, says Anderson, to a "symbiotic relationship between libertarianism and authoritarianism that blights our political discourse to this day."

In her second lecture, Anderson advances her central and most arresting claim: that the modern industrial firm amounts to a system of arbitrary and unaccountable "private government" and "dictatorship":

> Most workers in the United States are governed by communist dictatorships in their work lives. Usually, those dictatorships have the legal authority to regulate workers' off-hour lives as well—their political activities, speech, choice of sexual partner, use of recreational drugs, alcohol, smoking, and exercise. . . . [M]ost employers exercise this off-hours authority irregularly, arbitrarily, and without warning. . . . [O]nly about half of U.S. workers enjoy even partial protection of their off-duty speech from employer meddling.

Anderson argues that private government exists when people are subject, in some part of their lives, to authorities that can order them around and impose sanctions for noncompliance. In the workplace, moreover, governing authorities have arbitrary and unaccountable power over workers. Libertarians and free market economists and politicians wrongly equate "freedom" with private enterprise, ignoring the reality that for most workers, employment in large firms brings with it subjection to arbitrary power that extends beyond their work lives. Anderson insists that most Americans and many others radically misunderstand the nature of liberty and its opposites: domination and dictatorship. Just as the security of private property depends upon a strong state, so too do many forms of freedom.

Current theories of the firm help explain why large-scale enterprises exist and are constituted by hierarchies of authority. As Anderson observes, "Efficient employment contracts are . . . necessarily incomplete," managers must have discretion to coordinate workers' activities. But these theories do not explain the breadth of employers' authority over workers' lives. "Under the employment-at-will baseline, workers, in effect, cede *all* of their rights to their employers, except those specifically guaranteed to them by law, for the duration of the employment relationship." The result is that "Employers' authority over workers, outside of collective bargaining and a few other contexts . . . is sweeping, arbitrary, and unaccountable—not subject to notice, process, or appeal." Workplace governance "is a form of private government," underwritten by law.

Of course, if workers object to the conditions of their employment, they can quit. But the costs of exit for many workers are extremely high. To deny employers' authority over workers because of freedom of exit, says Anderson, "is like saying that Mussolini wasn't a dictator, because Italians could emigrate." Libertarian-leaning thinkers and politicians are, says Anderson, blind to the real nature of employment because they implicitly carry over assumptions that held only before the Industrial Revolution, when self-employment and economic independence were within reach of most workers.

As she concludes her indictment of today's free market thinking, Anderson allows that private governments in the economy lack many of the directly coercive powers of actual states, and they often refrain from exercising much of their power over workers' lives, especially the lives of higher income and skilled workers. Nevertheless, the fact remains that "the constitution of workplace government is both arbitrary and dictatorial," and that it "is not dictated by efficiency or freedom of contract, but rather by the state."

Anderson closes by suggesting a variety of ways to increase worker protections against arbitrary treatment: these include enhanced exit rights, a workers' bill of rights, and greater "voice," including via improved legal support for unions and collective bargaining. Most importantly, our public discourse should recognize the reality of workers' subjection to arbitrary private government in the workplace and explore ways of remedying it.

The first of our four commentators, Ann Hughes, a leading historian of early modern England and the English Civil War, and Professor of Early Modern History at Keele University in the UK, applauds as "exemplary" Anderson's "deployment of historical material as a storehouse of imagination, and a legacy to the present." She notes recent invocations of the Levellers by progressives in Britain and elsewhere, but she also advances a "darker" and more complex view of seventeenth-century England. She emphasizes, for one thing, that the effects of the burgeoning market order were various, and far from uniformly positive: inequality and social polarization increased, and substantial portions of the population depended sometimes or often on public assistance.

Hughes also emphasizes that the Levellers were far from radically egalitarian by our standards, with many excluding from suffrage beggars as well as servants and apprentices, and women. She suggests that free market thinking was not foundational to the Levellers, but rather "deduced from other elements of social life," and also that the "economic and social implications of market relations were already—long before the industrial revolution—less benevolent than Adam Smith and Professor Anderson believe."

Market relations themselves were complex, depending on the social phenomena of trust and credit, and market principles were tempered by "a sense of collective and communal activism," as well as deference to some customary rights. Finally, Hughes emphasizes that the Levellers continued to fall back on "a conception of society as made up of male-headed households, with women as valued but subordinate participants," further complicating claims about early modern egalitarianism.

David Bromwich, Sterling Professor of English at Yale University and author of many works on politics, political theory, and history, asks how the optimism about economic liberty and market society of the seventeenth century gave way to the pessimism Professor Anderson describes. He agrees with Anderson that "political theory should not stop at the door of the workplace," but he doubts that the idea of market freedom, as developed by Adam Smith and others, ever furnished a sufficient basis for political freedom and democratic equality. Bromwich argues that Smith understood that "self-interest" would operate for "the long-term good of society . . . almost independent of the will" of social and political actors. He suggests that "Thomas Paine—a radical democrat through and through . . . may belong in a different history": he believed in markets but his vision "was essentially political and only secondarily economic."

Bromwich allows, with Smith, that the extension of markets raises the level of material well-being of all, including of the poorest. It may even transpire that, as Smith bragged, "an industrious and frugal peasant" in commercial society could enjoy an "accommodation" that greatly exceeds that of "an African king, the absolute master of the lives and liberties of ten thousand naked savages." And yet, Bromwich observes, "the African king has *power*, and with his power, a fearlessness of misery, which is denied to the European peasant." He worries that Anderson underrates "the difference between political power and market equality."

Bromwich ends by raising concerns about the sort of world in which everything—including labor itself—becomes a commodity. Quoting Oliver Goldsmith, he worries about the human costs of market dislocations for traditional societies: "trade uproots lives and turns ancient occupations obsolete." Quoting Karl Polanyi, 170 years later, Bromwich worries about the ever more complete commodification of man and nature. He ends by thanking Anderson for encouraging us to "think closely again about the early modern theories of equality and freedom that rationalize but do not justify our own market society."

Our third commentator, the philosopher Niko Kolodny, expresses sympathy with Professor Anderson's focus on *social relations* of inequality in the workplace—"quasi-political relations of 'government' between employers and employees within the firm." But, he asks, what exactly "disquiets us" about these power relations and "what alternative social arrangements, even in principle . . . could put us at ease?"

Part of the problem, argues Kolodny, is that while economic enterprises often require managerial discretion, the resulting power over workers can be used for unjustified purposes that lack an economic rationale. And in addition, says Kolodny, we may still find it objectionable to be governed by the boss's discretion even when it is exercised only for justified purposes. But why? Is it that personal rule is always worse than the rule of general laws? Kolodny doubts that is the crux of the matter. Markets are unpredictable, and require flexibility, and laws, on the other hand, are made and administered by human beings. The basic difference, he suggests, between workplaces and political rule is that, in a democracy, governing is undertaken by delegates who are accountable to the citizens as equals: none is subordinate to others. Democratic citizens stand symmetrically with respect to one another in being governed and in having an equal opportunity to hold governors accountable. In the workplace, on the other hand, bosses may abuse their power and, even when they do not, they wield unaccountable power over workers, so workers are necessarily subordinate.

But, Kolodny asks in closing, how worrying is workplace subordination? Is it equivalent to political subordination? Three grounds suggest not. First, it is generally easier to leave a workplace than one's country; exit costs are lower. Second, we enjoy a greater degree of consent about where we work as compared with our country of membership. And, finally, workplace governance is ultimately subject to political rule, and so, "controlled from a standpoint of [democratic] equality." In the end, therefore, how troubled should we be that "our rights as employees are not like our rights as citizens?" Kolodny does not hazard an answer but underlines these questions' importance.

Finally, Tyler Cowen, an economist and a public commentator, advances a broad critique of Anderson's claims about the extent of worker domination in today's workplaces. He denies—on both theoretical and empirical grounds—the accuracy of describing private business firms as "communist dictatorships in our midst." He doubts that the costs of worker exit are as high as Anderson claims, and further doubts that individual firms enjoy much "monopsony" power over the workers they employ. He suspects, to the contrary, that because so many workers become attached to their particular workplaces—to their co-workers and various perks—that the bigger problem may be wage depression, rather than worker unfreedom. Even companies with monopsony power over workers seem often to cater to workers' "job quality preferences." Large firms in particular pay workers more and are generally protective of their workers' dignity and diversity: partly to guard the reputation of the company, but also to attract and retain talented workers.

Cowen further notes that when businesses do police "outside the workplace" activity, it is often to protect the dignity and "*the freedom of the other workers*" against, for example, racist or sexist Facebook posts. Indeed, he argues that co-workers and customers gain considerably from giving bosses discretion over firing, and while there are undoubtedly abuses, he doubts the abuses are widespread.

Cowen emphasizes, finally, that every governance arrangement involves trade-offs, and he worries that Anderson has not taken sufficient account of these in proposing alternatives to the current model. More broadly, he thinks Anderson exaggerates current managerial abuses in the workplace and discounts the extent to which today's capitalist workplaces are "*sources* of worker dignity, . . . freedoms, . . . pleasure and fulfillment."

In her wide-ranging reply, Anderson offers some clarifications of her thesis and a vigorous rejoinder to her critics.

In response to Hughes and Bromwich, she affirms that market society was harming some workers before the Industrial Revolution. Her main interest is the evolving "free market ideology" developed from the Levellers to Lincoln. She denies that those earlier free market thinkers, such as Adam Smith, can be understood as seeking to justify our commercial society. Anderson insists that "the Industrial Revolution decisively undermined the *model* early egalitarians promoted, of how a market society, *with appropriate reforms*, could liberate workers." And she observes, "The earlier thinkers are less to blame for vesting their hopes in an ideal that was destroyed by unforeseeable changes, than its current purveyors are for promulgating it in a world it does not remotely describe, either currently or in prospect."

In response to Kolodny, Anderson allows that hierarchical organization in the workplace is indispensible, but hierarchy does not justify the sort of arbitrary and unaccountable authority possessed by managers. Exercising autonomy in important aspects of one's life is, says Anderson, "a basic human need." Workers, she insists, should have a greater say in how their workplaces are organized even if "full workplace democracy" is infeasible.

Against Cowen, Anderson allows that, of course, the "costs and benefits of alternative workplace constitutions" must be assessed, but she insists that the abuse of worker freedoms is far more widespread than Cowen allows. Especially at the bottom of workplace hierarchies, among less skilled workers, abuses are rampant and include wage theft, unpredictable schedules, and sexual harassment, even while "academic research on labor is marginalized and underfunded." The fundamental problem, insists Anderson, is that "*the amount of respect, standing, and autonomy*" that workers "*get is roughly proportional to their market value*." She insists against Cowen, in closing, that workers' exit rights are not sufficient to assure their basic "dignity and autonomy," they also need "voice" or "some share of autonomy in workplace decisions."

This impressive volume, and the insights and debates it contains, casts new light on power and justice in the workplace—questions important to the lives of nearly all, but far too rarely examined.