

Introduction

Some of my best friends are libertarians. But by this I do not mean the usual thing: that these people are my friends *even though* they are libertarians. And while I do not quite mean the opposite, that would bring us somewhat closer to the truth. The mere fact that someone is a libertarian is enough to dispose me to befriend them. This is because I find libertarianism a profoundly attractive political view.

I use the term *libertarianism* here in the popular, colloquial sense, meaning that cluster of political views associated with the “right-wing” of liberal democratic polities. In various ways, and for various reasons, theorists in this broad tradition support the idea of limited government and wide private freedom, most notably in economic affairs. Classical liberals, economic liberals, anarcho-capitalists, right-libertarians, or (as some insist) *real* liberals—for now, I use the term *libertarian* to refer to them all.

For me, the main attraction of this broad libertarian tradition is its emphasis on property rights. All liberals value the civil and political rights of individuals: the right to a fair trial, freedom of expression, political participation, personal autonomy, and so on. But libertarians are distinct in asserting that the economic rights of capitalism—the right to start a business, personally negotiate the terms of one’s employment, or decide how to spend (or save) the income one earns—are essential parts of freedom too.

I like this aspect of libertarianism. At its best I see the libertarian defense of property rights as springing from an attractive ideal of political agency. Possessing some particular bundle of material goods, for libertarians, is not nearly so important as possessing those goods because of one’s own actions and choices. When we are free, we are aware of ourselves as central causes of the lives we lead. It is not just captains of industry or heroes of Ayn Rand novels who define themselves through their accomplishments in the economic realm. Many ordinary people—middle-class parents, single moms, entry-level workers—become who they are, and express who they hope to be, by the personal choices they make regarding work, saving, and spending. These are areas in which people earn esteem from others and feel a proper pride for things they themselves do. In economic

affairs, libertarians insist, it is not merely the outcome that matters: the process must be considered too. Diminishing personal agency in economic affairs—no matter how lofty the social goal—drains vital blood from a person's life. When private economic freedoms are curtailed, libertarians claim, people become in some important sense less free. People in this tradition also emphasize property rights for instrumental reasons: property rights are linked to other basic rights, promote the creation of social wealth, encourage personal responsibility, and mitigate the dangers of concentrated political power. But the libertarian claim that property rights protect freedom has always seemed most important to me.

I am also drawn to the libertarian idea of “spontaneous order.” Sometimes social goals are most effectively pursued directly; for example, by the creation of a governmental program guaranteeing the delivery of some needed good or service. But libertarian thinkers emphasize that at other times—perhaps most times—social goals are best pursued indirectly. A commercial market is a paradigm of spontaneous order. The production of the most ordinary commercial good—a lowly pencil—requires the mobilization of a staggeringly complex system of actors: foresters, miners, sailors, metallurgists, chemists, gluers, accountants, and more. As Leonard Read observes, there may be literally “*not a single person on the face of this earth*” who knows how to make a pencil.¹ Yet pencils are produced. These complex productive systems typically were not planned: they evolved. They are products of human action but not of human design. Friedrich Hayek argues that a free society is best thought of as a spontaneous order in which people should be allowed to pursue their own goals on the basis of information available only to themselves. Along with the moral ideal of private economic liberty, I find the libertarian emphasis on spontaneous order deeply attractive.

Like many people around the world, I associate these libertarian ideas with the United States of America. America is not the only country with a culture that celebrates capitalism. Further, as a matter of historical fact, America has many times failed to affirm these capitalistic freedoms—and has also violated other basic liberal values, sometimes egregiously. Nonetheless, there seems to be a special connection between libertarianism and the aspirations of ordinary Americans. The American dream posits America as a land of entrepreneurs. Writing in the 1790s, the Federalist leader Gouverneur

Morris proudly referred to his countrymen as “the first-born children of the commercial age.”² America, on this vision, is a land of opportunities—not a place of guarantees. The Declaration of Independence states that people have a right, not to happiness, but to the *pursuit* thereof. This land of opportunity exposes people to risks of failure and by that very fact offers them a chance for accomplishments genuinely their own. Dean Alfange’s poem, “An American’s Creed,” includes these lines: “I do not wish to be a kept citizen, / Humbled and dulled, / By having the state look after me. / I want to take the calculated risk, / To dream and to build, / To fail and to succeed.”³ Whatever life they lead, on this vision, Americans can take pride in knowing that their life is significantly one of their own creation.

We may well debate whether Americans continue to affirm these traditional values of individual responsibility and causal self-authorship. We might even debate whether they should. Personally, I like this “American” vision of social life. It gives shape to the two philosophical ideas I mentioned earlier: the idea of private economic freedom and the idea of society as a spontaneous order. I am drawn to the libertarian tradition, and to many libertarians, for all these reasons.

However, I am a professional academic working in the shadow of the twentieth century. This means that most of my friends are not libertarians. Most of my professional friends and colleagues, by far, are left liberals.⁴ New liberals, modern liberals, liberal democratic theorists, prioritarians, sufficientarians, egalitarians of various stripes, or—at their most enthusiastic—high liberals; for now I use the term *left liberals* to refer to them all. Speaking generally, left liberals are skeptical of the moral significance of private economic liberty. They are skeptical also of distributions of goods that result from the exercise of those capitalist freedoms. Left liberals think distributive issues are better brought under the control of deliberative bodies, and that a central function of government is to ensure that citizens have access to a wide range of social services—education, health care, social security, and the like.

Because of my convictions about the importance of private economic liberty, you might guess that I have moral qualms about the institutional orientation of left liberalism. Nonetheless, there are ideas within the left liberal tradition I find attractive too.

In recent decades, many left liberal theorists have adopted a certain view about political justification. If a set of political and economic institutions is to be just and legitimate, those institutions must be justifiable to the citizens who are to live within them. According to John Rawls, the problem of political justification is to be settled “by working out a problem of deliberation.”⁵ Anarcho-capitalists such as Murray Rothbard argue that state institutions are justified only if they gain the literal consent of every person subject to them.⁶ By contrast, philosophers in the deliberative tradition emphasize the idea of moral acceptability. To be justified, institutions must pass a test of acceptability to citizens understood as beings who, in their moral nature, wish to live together on terms that all can accept. According to Rawls and many other philosophers on the left, this deliberative or “democratic” approach is closely connected to a further idea: the idea of social, or distributive, justice.

Against the libertarians and traditional classical liberals, left liberals insist that the concept “justice” applies to more than mere individual actions. Instead, the social order as a whole—the pattern in which goods and opportunities are distributed or, better, the set of institutions that generate such patterns—can properly be described as just or unjust. Social justice requires more than the protection of the formal rights of citizens. In Rawls’s elegant phrase, justice requires that citizens “share one another’s fate.”⁷ Institutions must be arranged so people can look upon the special skills and talents of their fellow citizens not as weapons to be feared but as in some sense a common bounty. There are many formulations of the distributional requirements of social justice within the left-liberal tradition. Here is a general formulation that will do for now: justice requires that institutions be designed so that the benefits they help produce are enjoyed by all citizens, including the least fortunate. Everyone is the author of a life, and the storyline of that life is fantastically important to each person. We honor the importance of self-authorship when we insist that our institutions leave no one behind. Like the deliberative approach to political justification, I find this idea of social justice compelling.

My simultaneous attraction to libertarian ideas and to left-liberal ones often makes things awkward for me. Thinkers I admire reject each other’s core commitments. Hayek, for example, rejects social justice as a moral standard.⁸ Within the context of a spontaneously ordered society, Hayek says the phrase “social justice” is a piece of

incoherent nonsense—like the phrase “a moral stone.” From the other side, Rawls rejects the idea that the economic rights of capitalism have any essential connection to liberty. Market distributions, unless corrected, are unjust: they reflect accidents of birth and endowment that are “arbitrary from the moral point of view.” Because of the way some libertarians emphasize property rights, Rawls says they should not even be recognized as holding a properly liberal position.⁹ Morally, institutionally, and dispositionally, it seems, my two sets of friends do not mix.

In this book, I introduce a liberal research program that I call market democracy. Market democracy is a deliberative form of liberalism that is sensitive to the moral insights of libertarianism. Market democracy combines the four ideas I just mentioned: (1) capitalistic economic freedoms as vital aspects of liberty, (2) society as a spontaneous order, (3) just and legitimate political institutions as acceptable to all who make their lives among them, (4) social justice as the ultimate standard of political evaluation. Here is a simple way to begin thinking about this view: market democracy affirms capitalistic economic liberties as first-order requirements of social justice.

Market democracy takes a fundamentally deliberative approach to the problem of political justification. It sees society as a fair system of social cooperation. Within such a society, citizens are committed to supporting political and economic institutions that their fellow citizens can join them in supporting, regardless of their particular social or economic status. Being “democratic” in this sense, market democracy affirms a robustly substantive conception of equality as a requirement of liberal justice. Yet market democracy approaches social justice in an unusual way: signally, by affirming a powerful set of private economic liberties as among the basic rights of liberal citizens. Market democracy does not assert the importance of private economic liberty merely on instrumental grounds (for example, because such liberties are expected to lead to economic efficiency) or even from the idea that a society based on such liberties might satisfy some hoped-for distributional ideal (for example, as in the empirical claim that capitalism benefits the poor). Instead, market democracy affirms the moral importance of private economic liberty primarily on *deliberative* grounds: market democracy sees the affirmation of private economic liberty as a requirement of democratic legitimacy itself.

I hope the market democratic approach will be of interest to anyone who, like me, finds the four ideas I mentioned a moment ago attractive, and who wishes to see how they might be brought together into a unified philosophical framework. As my argument for market democracy unfolds, I offer more precise interpretations of those four ideas: private economic liberty, spontaneous order, deliberative justification, and social justice. As I begin specifying how I interpret those ideas and begin adjusting them so that they might fit together, I anticipate that some thinkers from each tradition will object to the interpretations I adopt.

For example, consider the first idea I mentioned, the idea that the economic rights of capitalism have intrinsic or fundamental moral value. Traditionally, thinkers in the market-liberal tradition have interpreted this to mean that economic liberties should be treated on a par with the civil and political liberties of citizens. Economic rights, like civil and political ones, are basic rights. Recently, though, some thinkers in this tradition have adopted a stronger thesis. They interpret the intrinsic value of capitalistic rights to mean that economic rights are *more basic* than other rights. At the limit, civil and political rights are not merely less weighty than property rights: such rights are themselves *types of* property rights.¹⁰ Property rights, on this view, are moral absolutes. The stronger interpretation would require the enforcement of almost any contract citizens enter into—for example, contracts for voluntary slavery or the transfer of vital bodily organs. The weaker interpretation of economic liberties would not: it affirms the inalienability of certain basic rights and liberties, including those protecting bodily integrity, and asserts that private economic rights must be protected *along with* the other basic rights and liberties. This is a significant dispute within the free market tradition. Indeed, within the technical literature, the term “libertarian” is sometimes reserved to mark the position of those who take the stronger/absolutist interpretation, with all others then being cast as (mere) “classical liberals.”

In any case, market democracy adopts the weaker of these two theses regarding the intrinsic value of property rights. Market democracy views the economic rights of capitalism as *on a par* with the other basic rights and liberties. Property rights are component parts of a multifaceted, liberty-protecting scheme. Like freedoms of speech and religion, the economic freedoms of citizens merit foundational

protection. Property rights, while basic, are not moral absolutes. The right to free speech does not empower theater-goers to shout "Fire!", just as economic rights of capitalism do not allow for completely unregulated economic action. In this sense, I suppose, the market democratic claim about the intrinsic value of property rights might be described more precisely as "classical liberal" rather than "libertarian." Libertarians who are skeptical of the classical liberal approach to economic liberty will be skeptical of market democracy.

Similarly, consider the idea of spontaneous order. Thinkers within the tradition of free market liberalism use the theory of spontaneous order in different ways. Sometimes, spontaneous order is used in what I shall call an ontological sense. A society either *is* a spontaneous order or it *is not* one. Normative implications are then drawn (or blocked from being drawn) by an analysis of this ontological fact. For example, if a society *is* a spontaneous order, then it is sometimes claimed that whatever rules, norms, and distributions result from spontaneous processes are justified by that very fact. There is no external standard by which the products of spontaneous forces might be evaluated.

Other times, however, the idea of spontaneous order is used to denote, not a state of affairs, but a strategy of social construction. In pursuit of desired ends we face the choice of employing spontaneous orders or other types of order—typically, orders that are more direct or planned. Market democracy rejects the ontological use of spontaneous order theory. It affirms spontaneous order as a strategy of social construction. In this too, market democracy does not seek to please everyone in the free market tradition.

From the other ideological side, consider the idea of social justice. There is a vast literature debating the requirements of social justice. Some think the phrase "social justice" is a standard for evaluating the particular distributions of goods within a society at any particular time. They see a demand for "social justice" as a demand for immediate state action to correct that distribution so that it matches the ideal.

By contrast, market democracy sees social justice as a standard that applies holistically. Social justice is a property not of particular distributions, but of social institutions taken as a whole. As such, a demand for social justice does not necessarily call for (or allow) immediate state action to adjust or "correct" particular distributions. Social justice requires that one take a longer view. It is a standard

that tells us what sort of macroinstitutional forms we should work toward.

Market democracy is built from the general formulation of social justice I mentioned a moment ago: along with securing a set of basic liberties for all citizens, justice requires that we prefer social institutions designed to benefit the poor. By affirming such institutions, we express our commitment to respect citizens of every class as free and equal moral beings. This is not the only formulation of social justice within the liberal tradition, and even this formulation can be interpreted in myriad ways. For my purposes, we should distinguish two rival interpretations of social justice.

One interpretation of social justice emphasizes the value of equality. A society in which people's holdings are more equal is, by that fact, better than a society in which people's holdings are less equal.¹¹ This interpretation is often concerned with the political standing of people throughout the various domains of their lives: preferring, for example, that workplaces be democratically controlled. We benefit the poor by working toward institutions that make the holdings, opportunities, and statuses across society more equal. This approach, which sees equality itself as a value, has been called "egalitarian."¹²

The pursuit of equality, however, may result in a situation where everyone has less than they might otherwise have had. Other theorists, therefore, interpret the requirement of benefiting the poor in a different way. They think equality of holdings and statuses is a goal only if the lives of people, and the lives of the poor in particular, would be improved by the pursuit of that goal. Their concern is not with equality per se but with the holdings of the poor. We benefit the poor by choosing social institutions that generate the largest possible bundle of goods under their personal control (even if, in doing so, some other citizens may personally control still larger bundles of goods). Because of its focus on the absolute holdings of poor people, we might call this general approach "humanitarian" (this approach is sometimes called "prioritarian").

Market democracy affirms a humanitarian interpretation of social justice rather than an egalitarian one. The basic rights of all citizens in place, social institutions should be designed so that the members of the poorest class personally control the largest possible bundle of goods (say, wealth and income). Anyone committed to an egalitarian interpretation of social justice will be unhappy with market democracy.

Liberalism has long been divided between a “free market” tradition and a “democratic” one: the former based on a concern for private economic liberty, the latter on a concern for social justice. Market democracy is erected atop footings sunk deep in each tradition. Because it is built up from those footings, it may seem market democracy aims to bridge—and thereby close—that historical divide. I do not think of market democracy this way. It is not a compromise, or middle place, between the left-liberal tradition and the libertarian one. It is not animated by an ambition to bring together or somehow reconcile these two traditions—for example, by somehow dissolving the differences between them. Nor, certainly, is it an attempt to co-opt the ideals of one tradition to advance the agenda of the other. Instead, market democracy is a genuine hybrid. It results from a sincere attempt to combine appealing ideas from two great liberal traditions. Market democracy is a view that stands on its own and that, I hope, will prove attractive in its own right. Its attractions endure whether or not it induces any partisan to “switch sides.”

There is a different approach to fusionism that I wish to mention so that I might put it firmly aside. This approach is built from the following idea: libertarians and left liberals share the same moral commitments—such as concern for the poor—and differ merely about an empirical question: Which set of institutions, (roughly) free market ones or (roughly) big government ones, best honor or help secure those shared moral commitments?¹³

Fusionist views of this sort are not market democratic in my sense. Such views seek to skim above the moral debates between libertarians and left liberals. They see the differences between the two traditions as mere differences of empirical fact. As a result, this form of fusionism avoids the hard question of whether the moral ideas I mentioned might be brought together into a coherent philosophical framework. That alone disqualifies such approaches from counting as market democratic. But such views also worry me even on their own terms. For, despite their fusionist aspirations, they require that vital moral insights, most notably from the libertarian side, be jettisoned or left to straggle along behind in weak and attenuated form.

After all, what would it mean for libertarians to affirm the same moral commitments of the left liberals? Two things. First, it would mean that libertarians would join the left liberals in affirming the same list of basic rights and liberties that are held by all citizens. Second, it would require that libertarians accept the left liberal account

of what it means to show proper concern for the poor. Both requirements are problematic.

Consider the first. As I mentioned, libertarians have long insisted that wide-ranging private economic liberties are among the most sacred and inviolable rights of free citizens. By contrast, paragons of left liberalism such as Rawls recognize only a spare list of economic liberties as basic. For the Rawlsians, the question of whether the list of constitutionally protected rights should be “thickened up” so as to include, for example, the right to own private productive property is one that must be decided in light of historical, cultural, and economic conditions. Maybe liberalism will call for a socialist economy; maybe it will allow some kind of private market. Should libertarians join the left liberals in that approach to basic rights and liberties? If they do, in what sense do they remain libertarians at all?

The second requirement is equally problematic. Let’s accept that libertarians can join left liberals in being concerned for the poor. Let’s even accept (as I shall soon argue) that libertarians should join them in expressing that concern in terms of a commitment to social justice. Let’s even accept, as I shall also argue, that libertarians should affirm the same formal conception of social justice as the left liberals: when considering a variety of institutional forms, social justice requires that we prefer the one that, while fully respecting the basic rights and liberties common to all citizens, brings about the greatest benefits to the poor.

To traditional libertarians, this may already seem like a lot to concede. But the approach I just mentioned would require libertarians to go a step further still. It would require libertarians to allow the left liberals to decide what goods or states of affairs properly count as “benefiting” the poor. For reasons already sketched, there is no a priori reason to think libertarians should be ready to agree with the left liberals about which goods or states of affairs are most valuable to the poor.

I think of market democracy not as a single interpretation of liberalism but as a general research program. We have a wealth of competing conceptions of social justice developed by political philosophers on the liberal left. But none of these conceptions affirm extensive systems of property as basic rights. Nor do any of them give a central place to spontaneous order in the way classical liberals and libertarians do. In evaluating outcomes, these conceptions

put comparatively little moral weight on thicker, context-dependent questions about how those outcomes come about—questions that libertarians, at their best, make central.

If we are wealthy (surfeit?) with left liberal theories of social justice, we are impoverished with respect to libertarian or “right liberal” theories of that sort. As a research program, market democracy encourages scholars to consider whether any, or all, of the existing (leftist) conceptions of social justice might be adjusted so as to recognize a wide array of private economic freedoms as basic rights and to adopt principles of spontaneous order in pursuit of their various distributional goals. Market democracy encourages scholars to seek other ways to combine these “un-combinables”—private economic freedom and social justice—too.

To make this proposal plausible, I mean to work out a market democratic interpretation of a uniquely prominent conception of liberal justice: the view Rawls calls justice as fairness. I focus on Rawls’s view for several reasons. First, the general formulation of justice as fairness that Rawls provides is rich and complex enough to be interpreted in a great variety of ways. Many theorists have made careers by developing such interpretations. Most all those interpretations of justice as fairness, like Rawls’s own, have clustered comfortably on the left. However, there are interpretative possibilities on the right as well. Indeed, one of these interpretive possibilities comes very close to capturing my own political convictions.

I believe that liberal citizens have powerful claims of freedom across the economic realms of working, consuming, and owning. Once these economic freedoms are protected on a par with the other basic rights of liberal citizens, then justice requires that we seek social institutions that most improve the position of the poor (interpreted in humanitarian terms). Viewed through an ideal theoretic lens that I shall describe, there is a range of free market institutions that satisfies that distributive condition. That is a highly simplified account of the interpretation of justice as fairness that I shall be defending. I call it *free market fairness*.

Market democracy is a broad and complex research program. A complete exposition of market democracy, or even of all the component requirements of the particular view I call free market fairness, is beyond the scope of this book. I hope simply to introduce the market democratic approach and make plausible the particular reading

of it—free market fairness—that I find most attractive. In that sense, this book is a primer on market democracy.

Nonetheless, this book aims to be disruptive. Left liberalism is the reigning ideology of the academic elite. My mentors in graduate school, my professional colleagues, the deans at my university, the students in my classes—most all of them roll out their blankets someplace or other within this broad left-liberal camp. Within those academic circles—my circles—the political prescriptions of left liberalism are so widely accepted that they have come to define what can only be described as the “moral status quo.” Members of this academic elite want political change. Yet when asked to indicate what change they seek, most point in the same general direction.

Perhaps there is nothing worrying about this conformity of opinion. After all, one task of philosophy is to seek the truth. The moral consensus within the contemporary academy may merely demonstrate that the assertions of the left-liberal paradigm are true. In that case, it would be fitting that contemporary academics continue to add new layers of scholarship atop the assumptions of left liberalism—even if the effect of their efforts is to deepen and harden the academically dominant view. However, another time-honored role of philosophy has been to challenge status quos—including even status quos of its own creation. This role is particularly important when it comes to philosophizing about politics. For in the domain of political philosophy, as Hegel observed, the owl of Minerva has a worrying habit of arriving only at dusk.¹⁴

A major theme of this book is that the academic consensus around left liberalism does indeed indicate the arrival of a kind of dusk. Left liberalism developed in the twentieth century in part because of a sense that our world had changed in important ways from the world of Adam Smith, James Madison, David Ricardo, and other classical liberals. The advent of industrial capitalism was not a necessary condition for the development of the liberal conception of social justice. In principle at least, philosophers could have developed that ideal a priori, without any new empirical observations. Yet philosophers, as real people, necessarily inhabit particular historical and economic epochs. Features of those epochs, or at least the beliefs philosophers have about the nature of those epochs, often serve as stimulants. Observations about our particular social world often stir us to rethink inherited ideals in new and unexpected ways.

The idea of social justice, I suggest, developed in response to tectonic economic shifts philosophers observed around them during the early stages of industrial capitalism. But the world has not stopped changing. One of the most profound changes within western liberal democracies over the past century or so has been another phenomenon associated with capitalism: economic growth. So slowly and steadily as to be almost imperceptible, western societies have grown spectacularly wealthier in just the last few generations. Compounding has quietly made us rich. Citizens in the United States today find themselves roughly eight times wealthier than their grandparents. During that period, the inflation-adjusted wages of unskilled workers doubled, then more than doubled again.¹⁵ As *The Times* of London wryly notes: "Today's supermarket customers eat considerably better than the Queen ate 50 years ago."¹⁶ The growth of social wealth has profound consequences—most notably for the way people think about their economic liberties.

Early thinkers in the left-liberal tradition expected the development of capitalism to render private economic liberties increasingly less important to people. In an era of mass production, the right to individually negotiate the terms of employment might plausibly be claimed to render people vulnerable rather than to make them free. As western societies have grown wealthier, however, something surprising has occurred: ordinary citizens are assigning *more* value to private economic freedom rather than less.

Political parties increasingly feel the tremors of this shift. A campaign to repeal the "death tax"—an inheritance tax that would apply only to the wealthiest 2 percent of the population—wins broad support not just among the rich but also among the working class.¹⁷ A proposal to apply a "luxury tax" to purely cosmetic medical procedures—the so-called Botax—meets a groundswell of opposition not just from industry lobbyists but from ordinary, middle-class folk.¹⁸ Pollsters find poor citizens prefer policies that increase economic growth over those that redistribute wealth.¹⁹ A prominent left-liberal political theorist describes as "dismaying and galling" his experience of driving up to the comfortable homes of his fellow Democratic precinct workers past trailer parks festooned with signs supporting lower taxes and reductions in government spending.²⁰

Naturally, these facts can read in different ways: perhaps these people are greedy, ignorant, and easily misled (as well as vain). Another

reading—one with tantalizing philosophical possibilities—is this: as societies grow wealthier, citizens sometimes assign *greater* value to their private economic freedoms. Of course, no matter how one decides to read the facts I just mentioned, the path along which political philosophy develops cannot be set by the opinions and attitudes of ordinary people. Political philosophy is not conducted by opinion poll.²¹ Nonetheless, facts such as these can stimulate philosophical developments. They do this by suggesting new possibilities for philosophers to ponder.

At the same time that citizens in some societies seem to be placing new value on their economic liberties, the ideal of social justice is also gaining power. The threads from which the various theories of social justice are woven reach deep into the moral consciences of liberal citizens. Americans of diverse financial positions and political viewpoints, for example, converge on the idea that all citizens—including the poorest class—should have a real opportunity to improve their circumstances over the course of their lives.²² Equality of opportunity, substantive as well as formal, has become part of the fabric of western constitutional democracies. The twentieth-century formulations of social justice, however, diminish (or reject) the moral value of the economic liberties of capitalism. The inherited social justice paradigm rests on the assumption that property rights are *not* among the sacred and inviolable rights of liberal citizens. Add this dogma to the growing popular support for economic freedom, and something has to give.

What must give, I suggest, is the moral status quo. For too long we have relied on a static map of the ideological terrain of liberal political thought. That map places classical liberalism and left liberalism in rival camps, with the left-liberal camp firmly (and exclusively) entrenched on the moral high ground. This map has encouraged even leading philosophers to take pinched and ungenerous views of the positions of their rivals. More important, this map restricts the intellectual flexibility of contemporary thinkers—scholars and students and citizens alike. This map encourages even people of good will to believe that certain inherited ideological boundaries cannot be crossed. Libertarianism *or* left liberalism. Capitalism *or* democracy. Free markets *or* fairness. One side *or* the other, everyone must choose.

Market democracy encourages the drawing of new maps—ones that depict the main moral insights of liberalism as mobile rather than

fixed. Liberals of good faith need not choose between two camps—classical liberal on one side, high liberal on the other. Market democracy is my attempt to show how the board pieces of liberalism might be arranged in a new and different way.

This book has eight chapters. I begin with an intellectual history of liberalism, with some reference to the history of actual liberal societies, most notably the United States. To motivate the search for market democracy, chapters 1 and 2 describe how the currently dominant left-liberal paradigm displaced the earlier classical liberal one. I explain how the intellectual dominance of left liberalism hangs heavily on a single peg: the claim that private economic liberties are morally less important than the other traditional rights and liberties of liberalism. In chapter 3, I suggest that the peg supporting that high liberalism thesis may be more fragile than its defenders realize, focusing on populist responses to the fact of economic growth. The center of this book, conceptually as well as positionally, is chapter 4. In that chapter I introduce the hybrid approach to liberal theory building I call market democracy. Market democracy, in all its variants, combines a concern for private individual economic liberty with a commitment to social justice. As such, market democracy offers an alternative to classical liberalism and to high liberalism alike, at least as those views are traditionally conceived. The rest of the book elaborates market democracy. Most notably, I develop my own preferred market democratic view: free market fairness. I seek to make that view attractive to open-minded defenders of the two great rival liberal traditions: chapters 5 and 6 are directed to classical liberals and libertarians, chapters 7 and 8 to high liberals of the political left. I conclude with some thoughts about free market fairness and its relation to traditional American values.

A note on terminology. As we have already seen, schools of liberal thought are often labeled differently in popular and scholarly discourse. Even among scholars, labels are often used in different ways and are demarcated by different sets of criteria.²³ Allow me to stipulate how I shall be using some major terms in this book.

Henceforth, I reserve the term *libertarian* for use in the technical sense mentioned above, to denote a family of liberal views that gives exceptionally high priority to the economic liberties of capitalism. The main division I shall be discussing is that between *classical liberalism* (of which libertarianism as defined above is but a species) and

the tradition of views that its own proponents call *high liberalism*. Classical liberalism is the liberalism of Adam Smith, David Hume, F. A. Hayek, and of libertarians such as Robert Nozick; high liberalism, that of John Stuart Mill, T. H. Green, John Rawls, Ronald Dworkin, Martha Nussbaum, Thomas Nagel, Joshua Cohen, Will Kymlicka, Amy Gutmann, and a great many other contemporary scholars. I demarcate these two liberal schools in terms of their *substantive moral commitments*. In particular, classical liberals affirm what I shall call a *thick* conception of economic liberty; high liberals, a *thin* conception.²⁴

Most liberals agree that some rights and liberties are more important or “basic” than others. Basic liberties merit a high degree of political protection, often by being entrenched as constitutional rights. Along with civil liberties, such as the right to a fair trial, and political liberties, such as the right to vote, all liberals include some economic liberties on their lists of basic liberties. These liberties protect independent economic activity and so guarantee citizens a range of decision-making power with respect to economic questions that touch the cores of their lives.

But liberals differ about the economic liberties they consider basic. On thick conceptions of economic liberty, the wide-ranging economic liberties traditionally associated with capitalist economies are affirmed as basic rights. Wide individual freedom of economic contract and powerful rights to the private ownership of productive property are prominent features of the thick conception of economic liberty. On thin conceptions, by contrast, less weight is given to private economic liberty generally, and the list of basic economic liberties itself is narrower. Rather than wide freedom of economic contract, for example, that list might include only a limited right to free occupational choice. A thin conception may include a right to own personal property but may not include the right to own productive property. At the limit, the high liberal tradition includes forms of liberalism embedded in a socialist economy—possibly with the private ownership of productive property being outlawed altogether.

Continuing with this approach of demarcating liberal schools in terms of their treatment of economic liberty, I shall henceforth treat *libertarianism* as a variant within the classical liberal tradition.²⁵ As classical liberals, libertarians affirm a thick conception of economic liberty. But while traditional classical liberals affirm a general right of

economic liberty as being on a par with the other traditional liberal rights and liberties, libertarians affirm those economic liberties as the weightiest of all rights, and possibly even as moral absolutes. For example, while many classical liberals advocate limited tax-funded support for education and a safety net, the libertarian approach typically rules out such programs.

My way of distinguishing classical and high liberalism, by focusing on whether a view affirms a thick or a thin conception of basic economic liberties, is not the only method, or even the most common method, of distinguishing these two traditions. Samuel Freeman, who coined the term “high liberalism,” demarcates these two schools not in terms of their substantive moral commitments but by their justificatory foundations. On Freeman’s reading, most classical liberals emphasize private economic liberties primarily because they believe such liberties are instrumentally valuable: economic liberties create wealth and so are conducive to overall happiness (though classical liberals sometimes draw upon ideas of natural rights too). High liberals, by contrast, give the economic liberties of capitalism only a smaller role because they are concerned first and foremost with respecting citizens as free and equal self-governing agents. Thus Freeman, following Rawls, calls classical liberalism the “liberalism of happiness” and high liberalism the “liberalism of freedom.”²⁶ However, this way of demarcating the classical and high liberal traditions prejudices precisely the questions I wish to open.

Is the best defense of private property given in libertarian terms of efficiency, natural law, or self-ownership? Do we really respect individuals as free and equal self-governing agents by restricting their economic liberty? Is a commitment to private property compatible with a commitment to the poor? Is deliberative democracy a vehicle that can only make left turns? Is high liberalism the *highest* form of liberalism? These are questions this book will pursue.