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Valerie Soon

Duke University, valerie.jean.soon@duke.edu

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Book Review

Private Government: How Employers Rule Our Lives (and Why We Don't Talk about It)

Valerie Soon
Duke University

Private Government: How Employers Rule Our Lives (and Why We Don't Talk about It)
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Correspondence: Valerie.jean.soon@duke.edu



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People who suffer from a neuropsychological condition called hemiagnosia cannot perceive one half of their bodies. This is not due to a lack of sensation, but to the brain's inability to process what is going on in the neglected half of the body. In *Private Government: How Employers Rule Our Lives (and Why We Don't Talk about It)*, Elizabeth Anderson argues that we collectively suffer from "political hemiagnosia: like those patients who cannot perceive one half of their bodies, a large class of libertarian-leaning thinkers and politicians, with considerable public following, cannot perceive half of the economy: they cannot perceive the half that takes place *beyond* the market, after the employment contract is accepted" (58).

This is worth quoting in full because it illustrates the way in which Anderson's vivid analogies convey the force of her arguments throughout this volume. In this version of her 2015 Tanner Lectures, Anderson diagnoses the cause of our political hemiagnosia and proposes some remedies. The discussion begins with an introduction by political theorist Stephen Macedo, followed by comments from historians Ann Hughes and David Bromwich, political philosopher Niko Kolodny, and economist Tyler Cowen. It ends with a response by Anderson, in which she delivers concrete policy suggestions. The book is divided into three sections that explore the historical reasons for this ideological confusion, the normative problems with private government, and the policy suggestions.

Most people conceive of the workplace as outside the sphere of government and squarely in the private realm. In reality, the modern workplace is a coercive, authoritarian regime in which workers are unfree in the republican sense due to domination by their employers. So why do academics, politicians, and ordinary workers persist in thinking that the worker-employer relation is best characterized as a free contractual exchange? Why haven't we seen the workplace for what it truly is—private government? As Anderson argues, this oversight is the result of an anachronistic ideology that uses the language of free markets and mutual exchange to conceal a darker reality.

In chapter 1, "When the Market Was Left," Anderson traces the historical connection between egalitarianism and the free market. Given the scale of inequalities caused by the free market today, this connection may initially seem puzzling to the twenty-first-century reader. But Anderson explains that support for markets by Adam Smith, Thomas Paine, Abraham Lincoln, and the Levellers made eminent sense against the backdrop of feudalism. In the rigid hierarchical society of early modern England, markets promised to liberate those who were not aristocrats or landlords from the "servile dependency" (18), in Smith's words, that characterized their previous situation under feudalism. Market relations transformed the feudal relation of domination and subordination to one of mutual interest. The artisan no longer needed to depend on the goodwill of the

landlord for his sustenance. Here Anderson rehabilitates, or at least revises, the image of Smith and Paine as the founding fathers of today's libertarianism. In the utopian vision that motivated these thinkers, the economy is driven by small artisan proprietors. In this world, it is understood that apprentices and journeymen are merely stopping by on the road to self-employment (33). This state of relative economic equality will then lead to political equality, or so Paine and Lincoln believed (25–31).

Whether or not this vision is an overly optimistic depiction of historical reality, as Hughes and Bromwich charge, is beside the point for Anderson. Her goal is to show that this egalitarian rationale for the market does not apply in the post-Industrial Revolution world. The economies of scale brought by the Industrial Revolution squeezed out small proprietors from the market. In their place, large enterprises with rigid hierarchies, a deskilled division of labor, and harsher working conditions came to dominate the economy (33–35). Under these conditions, Marx replaced Smith as a champion of egalitarianism. But even as historical conditions undermine the use of markets as an egalitarian tool, we persist in applying market ideology to describe the modern workplace. This is where things went wrong, Anderson charges.

Beyond the market is where private government reigns, disguised by the ideology of mutual exchange between employee and employer. Anderson invites us to imagine this scenario at the beginning of chapter 2: “Superiors are unaccountable to those they order around. . . . The lowest-ranked may have their bodily movements and speech minutely regulated for most of the day. . . . Everyone lives under surveillance, to ensure that they are complying with orders. . . . People can be sanctioned for their consensual sexual activity or for their choice of spouse or life partner” (37–38). This condition of republican unfreedom describes the modern workplace where people spend the majority of their waking moments. The boss is to the worker as a communist dictatorship is to its subjects.

One might think that the concept of private government is an overly dramatic oxymoron. But this is so only if we subscribe to the tenuous private-public sphere distinction, in which government exists only wherever it has coercive authority (42). Anderson argues that this is the wrong understanding of the public/private distinction. Privacy is relative to persons, not to the state: “If something is legitimately kept private *from* you, that means it is none of your business” (43). Private government, then, is government that illegitimately keeps its subjects out of governance, and has “arbitrary, unaccountable power over those it governs” (45). It does not matter whether bosses choose to exercise their power in unjust ways; the normatively troubling feature of domination is that they *could* do so. It also does not matter that workers are technically free to exit this dictatorship. We live in a world where most employment options have some element

of private government. As Anderson sees it, this is analogous to living in a world run by communist dictatorships. Saying that workers are free to leave if they are unhappy amounts to telling workers “choose your Leviathan” (60).

Surely we would rise up against this state of affairs if it described our government. This raises a puzzle: if things are so bad in the workplace, why haven't we realized it? The reason for this oversight, Anderson argues, is ideology. Not only do we anachronistically apply early egalitarian concepts to a postindustrial context, but we have also developed economic theories to rationalize workplace domination. The theory of the firm functions as an ideology that prevents us from realizing what is actually going on. Theorists of the firm such as Coase originally explained the hierarchical structure of the firm as a solution to an efficiency problem. Centralizing authority, and giving this authority some open-endedness, reduces the transaction costs that would come with constantly having to negotiate the terms of work (52). But theorists of the firm such as Armen Alchian and Harold Demsetz, and Michael Jensen and William Meckling, also seem to want to have things both ways, according to Anderson. These theorists argue that “authority has nothing to do with the firm; it is merely a nexus of contracts among independent individuals” (56). But Anderson thinks this explanation defeats the purpose of the theory of the firm, which is to explain how the firm eliminates the transaction costs of markets.

Anderson persuasively shows that historical egalitarian concepts, together with the theory of the firm, constitute an ideology that conceals the dark character of workplace relations. This is ideology in the pejorative sense: it “masks the actual subjection of most workers to private government, and misrepresents our actual options by taking off the table a large set of concerns and possibilities for dealing with them” (132). But who are the “we” that Anderson refers to throughout her lectures? Anderson's ideological explanation for our oversight depends largely on the answer to this question. If “we” are libertarian-leaning academics and politicians, then it is highly plausible that the ideology of the sort she outlines prevents academics and politicians from realizing what is going on.

But her target actually seems to be more expansive than a criticism of academics and drivers of public discourse. She is also concerned with workers who “identify with and profit from” the regime (39) and the 80 percent of workers who toil at the bottom to mid-levels of the employment hierarchy (63). If “we” includes everyday workers, it is much less plausible that *this* ideology is what prevents them from realizing that they are under the thumb of the boss. The simple reason for this skepticism is that the ideological explanation just seems too academic. Of course, it is very likely that some of these academic ideas, especially the early egalitarians', have trickled down from the ivory tower into public discourse and acquired a diluted form there. But most workers are just not going to have anything like Smith's idea of mutual exchange or the theory of the firm in mind

when they shrug and say that the structure of their workplace seems fine by them (even if they hate their boss). So what, if not the ideology that Anderson describes, explains why most people don't realize that their workplace is a private government? Perhaps it is not an ideology at all, as Cowen suggests, but simply a calculated trade-off that workers make between higher pay and less freedom (111). Or perhaps there is some other mechanism at play that neither Anderson nor any of her commentators have identified. The burden of proof is on Anderson and those sympathetic to her view to explain what this mechanism might be. For example, worker beliefs and attitudes about the legitimacy of private government are probably much more influenced by the ideology of meritocracy on a conscious level than they are by the ideology of market exchange.

Whatever the right explanation is, it doesn't affect Anderson's powerful contention that the workplace is unfree. Workers can be dominated even if they have consented, as Cowen contends, to a trade-off between freedom and efficiency. Now that we can see the nature of private government, how should we deal with it? Anderson puts forth several suggestions. We need reforms to employment law, for the state sets the rules of the game through laws regulating corporate governance, workplace discrimination, fringe benefits, employee safety, etc. (53–55). We should eliminate contractual barriers to exit, such as noncompete clauses. We should also give workers substantive constitutional rights akin to a “bill of rights against employers.” But such a bill of rights could offer only a floor, so workers' voices need to be recognized in workplace governance through workplace democracy and labor unions. These reforms would make private government public.

Anderson emphasizes that she is not opposed to government in the workplace per se—only to private government (133). As both Kolodny and Cowen note, however, public government can be just as limiting to freedom as private government, if in different ways. If it is true that public government would be less efficient than private government, then we might choose to trade the positive freedom gained from having more material resources for the republican freedom gained from having bosses who are more accountable to workers. Whether this trade-off needs to be made is an empirical question. In any case, there is a separate normative argument to be made for whether such an exchange would be worth it, especially by the lights of the workers at the bottom of the hierarchy who stand to gain (or lose) most by any transition from private to public government. Anderson does not address this trade-off, which seems quite pragmatically important. Nevertheless, in insightfully illuminating our collective oversight, she has raised a new set of urgent questions that challenge political philosophers on all points of the ideological spectrum.