

SOCIAL DEMOCRACY AND FREE ENTERPRISE

Richard W. Miller, *Journal of Social Philosophy* 50 (2019): 597-619

[penultimate draft]

Many people in capitalist democracies support a political program whose view of free enterprise – individual self-advancement through non-coercive work and voluntary, non-fraudulent transfers – is Janus-faced. On the one side, they support capitalism, an economy dominated by free enterprise in firms competing for profits from production and exchange based on hired labor. On the other side, they support extensive measures relying on the taxation of gains from free enterprise to improve people's lives, measures that would substantially reduce inequalities that capitalist free enterprise would otherwise create. Going well beyond anti-poverty programs and assurance to the poor of care for severe illness, they want government, for example, to assure extensive access to educational and cultural resources and universal access to adequate care for illness in general, including mere physical discomfort. They support policies for taxation and growth that give strong preference to the income of those who are not rich over those who are. In the United States, they are apt to call their outlook “liberal” or “progressive.” But “liberal” has a different meaning in Europe and there are sharply different views of progress, so the European label, “social democratic,” is the one I will apply.

In seeking moral ground for supporting their political programs, social democrats often rely on a widely shared conception of the goal of promoting the general welfare: one should be impartially concerned to promote the well-being of fellow-citizens in choosing which political program to support. Of course, this moral consideration must be combined with further empirical arguments that social democracy serves this goal better than its rivals. In this article, I will assume that this empirical challenge can be met, and will discuss two remaining questions about social democracy. Is the extensive taking of gains from free enterprise required by social

democracy justifiable? To what extent is social democracy's support for capitalism compatible with this justification? In response, I will describe features of modern capitalism that justify social democracy's intrusion on free enterprise, justify its support for capitalism, and doom social democracy to unending partial failure.

The Moral Vulnerability of Impartial Political Concern

It might seem that the appeal to impartial promotion of the well-being of those whose lives would be shaped is morally irresistible in political choice. That one would help people is always a positive consideration favoring a choice. Granted, in non-political choices it is permissible to favor others in certain relationships, especially those in relationships of intimate dependence, such as children, spouses and close friends. By the same token, one may be partial to one's most intimate dependent, oneself. In any case, these are central items in the stock of widespread secure moral convictions -- secure among most social democrats as well as their fellow-citizens -- on which one should try to rely as a basis for political argument. However, it is also a widespread secure moral conviction, shared, I hope and assume, by the reader, that political choice is different. In supporting the imposition of political measures on one's fellow-citizens, it would be wrong -- an endorsement of corruption -- to support them out of partiality to the well-being of oneself and the near and dear. (One may be specially interested in the impact of measures on oneself and the near and dear and those with similar interests out of fear of undue political neglect, but this is a defense of impartiality, not a departure from it.)

For example, it is permissible for me to be especially attentive to the educational needs of my daughter, in our family life. But if I were on the school board, I would be deeply corrupt to vote for a shift in funding from remedial education to advanced placement classes because this would help my daughter. Of course, voting in a school board election is a very different activity

from serving on a school board. But one's electoral choices should be guided by the desire that one's political preferences be realized, and one should judge one's reasons for supporting a political program by asking whether one's support would be justifiable on these grounds if it were decisive.¹

It might seem to follow that rejection of political corruption combines with the concern to help, in a morally conscientious person engaged in political choice, to require a political aspiration to promote fellow-citizens' well-being to the maximum extent compatible with impartial concern. That is all that social democrats need rely on. But this inference would be misguided. The impartiality that political justice requires excludes favoritism toward one's own interests in the ultimate justification for imposing measures on others. But this does not exclude fundamental reliance on a consideration other than the impartial advancement of well-being so long as the consideration itself is not directed at advancing the well-being of some in preference to others'. Consider, for example, a country in which the establishment of Christianity as a state religion, whose truth is declared by public officials on public occasions, would enhance citizens' well-being, impartially assessed, by stimulating, among the vast majority, engagement in public service and willingness to make sacrifices that promote national prosperity. Opposition based on a distinct concern for toleration might distinctly benefit non-Christians, but promotion of the special interests of the non-Christian minority would not be the basis for limiting the impartial promotion of well-being on this ground.

Can avoidance of intrusion on people's self-advancement through non-coercive, honest endeavors similarly conflict with impartial political concern? That political interference with self-advancement due to non-coercive, honest endeavors requires a justification is not controversial. But there is no conflict if the moral importance of this consideration is due to its

role in the larger endeavor of impartial political concern. A look at this endeavor suggests that it accounts for much of the moral force of complaints of excessive intrusion on gains from free enterprise. But further reflection suggests that this response is incomplete.

The Content of Impartial Political Concern

A version of Rawls' favored device, the original position, is a good means for monitoring one's choice of what political program to support, to assure that one expresses impartial political concern: support a program that you would choose if you sought to advance the well-being of a fellow-citizen and did not know who he or she was. This choice would be responsive to three dimensions of political concern whose relevance is widely recognized: the number of those who would be helped by policies (since a greater number increases the likelihood that a policy would help the unknown subject of one's concern), the extent to which individuals would be helped (since one seeks improvement of the unknown person's well-being), and the seriousness of the lacks of those who might be helped (since one chooses out of compassionate sympathy for the unknown person one seeks to help). Although it bars access to much that one actually knows, such imagined ignorance is an obviously effective and broadly familiar device for removing bias when benefits and costs are imposed. In a spirited fight in a town council hearing about where a smelly garbage dump is to be located, someone who had never heard of *A Theory of Justice* might aptly propose, "Let's make a choice that someone would support if she put to one side her knowledge of where she lives."²

Apart from these three dimensions, impartial concern is deeply complex in another way. Concern for someone's well-being is concern that her life go well. What makes someone's life go well depends, at least in part, on what she cares about. These objects of caring are diverse for

each of us and vary greatly in content and emphasis from person to person. But they are instances of a few general kinds.

People care about experiential goods, paradigmatically, pleasures and the avoidance of discomforts. They care about interpersonal goods such as relationships of mutual affection and concern, non-subordination and trust. People also care about agency goods, which characterize the ways in which they shape their own lives. I will refer to one centrally important agency good as “self-directed attainment”: pursuing goals one cares about, including long-term goals, through one's own efforts, with enough success and enjoyment that one's goals give point and value to one's choices. People who have shaped their own lives, through their own efforts and risk-taking, along lines that they care about are rightly glad to have done so, even if they could have enjoyed more experiential goods through passive consumption. A life of activity of which one can be proud is, by that token, a better life for one to have lived.³ People also care about self-realization, living a life that fits one's temperament, interests and abilities. People pursuing goals, including long-term goals, that they care about, with success and enjoyment that give point and value to their choices, sometimes discover that a different way of living from their way now would better fit their temperament, interests and abilities. They are disappointed, wish their lives had gone better, and sometimes take measures, even costly measures, to change.

Arguably, concern to advance someone's well-being is not just a matter of concern for what she cares about, but has an objective aspect as well. On this view, the promotion of pleasure in, attainment and enjoyed sharing of bad goals, such as biting mockery of others, does not make someone's life go better, and help in worthless goals that someone cares about, a huge stamp collection, say, does less to make his or her life go better than help in worthwhile goals, such as loving relationships. These distinctions clearly determine what merits concern, so I will include

them as a further aspect of impartial political concern. In any case, a subjective conception will have the same outcome in political choice, both because of the impact of these distinctions among the bad, the worthless and the worthwhile on the benefits and harms to others of individuals' pursuits and because what the vast majority of people actually want for their lives observes these distinctions.

At the same time, what people care about is deeply, independently important in determining what makes their lives go better. Indifference to one's own experiences, however comfortable they are, and to one's own successes, however brilliant and productive, is inimical to a good life.

What people care about varies widely in content and emphases and is, to put it mildly, best accessible to themselves. Self-realization involves a process of trial and error in which the individual has to be the main judge of life-experiments, with guidance by intimately involved adults when she is young, leading to deepening engagements reflecting talents, temperaments and interests that vary widely among individuals. So the task of impartial *political* concern is the provision of resources, protections and facilities advancing the broad range of what people care about, or might after adequate self-development.

If impartial political concern is like this, then it will protect property rights, an important part of the protection of free enterprise. To enable people to lead lives of self-directed attainment and self-realization, there must be a secure expectation that resources they can acquire through a broad range of activities in which they can engage (broad enough to reflect the diversity among all and the individual complexity of each) will be available to them to pursue goals they care about, including goals involving long-term plans. Without this protection, they must be overly dependent on others to advance their interests, devote themselves to evasion of

efforts to deprive them of resources, or confine themselves to a limited range of activities which may not reflect their temperaments, interests and talents. With this assurance, there can be effective incentives for specialized economic activity which advances the prosperity of all; without depending on the vagaries of others' benevolence, people can direct the work they do and the material goods that they acquire to what they distinctively care about.

A system of laws serving these purposes must include secure guarantees that a broad range of non-coercive, non-fraudulent individual activities will lead to possession of resources that the agent can retain and use to pursue her own goals, but this does not require protection of all results of non-coercive production and non-fraudulent exchange from all taxation to help others. Could the gap in protection leave room for valid objections to intrusions on free enterprise? Conceivably, it could.

A Complaint about Taxation

Impartial concern for fellow-citizens is an important component of morally conscientious political choice because one ought to help others and one ought not to show favoritism in supporting measures to be imposed on others. But those two considerations are not, by any means, the only ones that guide the choices of a morally conscientious person.

Except in special circumstances, a morally conscientious person seeks to avoid harming others, above all, by intentionally coercively worsening them. Impartial political concern is expressed in laws that constrain such worsening, including worsening by taking results of what fellow-citizens have required by free enterprise. But this is not a complete account of the abstinence from worsening that morality requires. If I am interacting with someone who is not a fellow-citizen and she complains that I am worsening her, intentionally and coercively imposing costs on her, it would be barbaric of me to justify my conduct on the grounds that she is not my

fellow-citizen and I do not owe her impartial political concern. A non-political prerogative to favor oneself and the near and dear in helping others is not a prerogative to harm others. Since the moral significance of avoiding worsening others is not solely based on impartial political concern, there is no reason to suppose that complaints against being worsened have no moral force apart from appeals to impartial political concern in interactions among fellow-citizens.

Complaints against worsening are typically rebutted by pointing to the role in defense against worsening of what worsens the complainant. For example, taking is all right if it reverses a loss due to previous taking or deception. To avoid the grave harms of pervasive freelance self-defense, governments largely take over citizens' prerogatives of self-defense and should play this protective role impartially. But the protest, "You are worsening me, intentionally and coercively, without defending against worsening" is not, fundamentally, a protest against neglect of impartiality in aid. It is a protest against victimization, not against inadequate benefaction.

Depriving someone of her gains from her free enterprise worsens her. Even if she is able to pursue goals that she cares about with sufficient success to give point and value to her choices and to lead a life that realizes her temperament, talents and interests, a cost has been imposed, coercively and intentionally. Acquiring a holding through free enterprise does not, as such, worsen the citizenry who impose the loss. Providing what others choose to pay for, the characteristic step forward in capitalist self-advancement, satisfies a desire for self-advancement of one's customer, investor or employer, while those whom one defeats in this competitive endeavor are free to similarly advance themselves. So, social democrats, who seek extensive taxation that deprives citizens of gains from free enterprise, must confront the challenge of a complaint against taxation, "You are worsening me without defending against worsening."

To meet the challenge of this complaint, social democrats must show that their program does not conflict with it, at least when appropriate qualifications are introduced, or that there are sufficient grounds for overriding it in modern capitalist economies. I will offer responses of both kinds which are, collectively, adequate to meet the challenge.⁴

The Common Good

The emphasis on non-worsening itself suggests a qualification that enormously expands the scope of justified political taking and other intrusions on free enterprise in any modern society. A law requiring taking from someone or otherwise intruding on her self-advancement from free enterprise does not objectionably worsen her if the intrusion is indispensable to a larger endeavor that does not worsen her prospects of self-advancement through free enterprise.

In any remotely modern society, a vast array of government endeavors help citizens, require taxation or other intrusion on free enterprise, and can be expected to impose net lifetime costs on no one (or virtually no one, a disjunct that I will ignore for now, and face later). The mundane, uncontroversial governmental endeavor of planning, constructing and maintaining roads using funds extracted through taxation illustrates needs that are served.

First of all, a government road system solves a public goods problem, the underfunding of facilities created and maintained by individuals' private initiatives when it is not feasible to exclude people from free-riding, i.e., from gaining benefits without paying charges imposed by the private-enterprisers. In a sparsely settled territory in which people only sporadically have reasons to travel beyond their households' property, transportation needs could be served by roads constructed and maintained by entrepreneurs deriving revenues from tolls. When density and interdependence become more modern, the location of a toll booth at every point of entry creates transaction costs reducing the prosperity of all, but with free entry there will not be

revenues sustaining an adequate road system. Tax-financed roads solve the problem. Each tax payment, taken in isolation, worsens the taxpayer. But in light of the net benefit, opposition to the tax-based endeavor would be irrational. And in light of the benefits to others, it would also be spiteful. A morally conscientious person does not oppose an endeavor that would benefit others at no expected net cost to himself.

Similarly, as technology progresses, everyone's success in free enterprise is enhanced by a work force educated up to a certain level – first, elementary school, then, as technology advances, secondary school, at least through its intermediate grades. But in the absence of slavery and indentured labor, a businessperson who puts such skills to use cannot count on reaping adequate benefits for his firm from education of young people that he or she provides, while working people lack the private means to pay for the teaching of their children that would yield an adequately educated labor force. Public education at tax-payers' expense solves the problem of free-riding on private education.

Tax-funded government management of the transportation network illustrates another reason why government endeavors can provide net life-time gains over self-help for all or virtually all: government management is sometimes needed for adequate coordination. In the construction and maintenance of highways linking towns and cities, public goods problems can be avoided through toll booths, without excessive transaction costs. But one highway stands in the way of the construction of others. A highway entrepreneur cannot foresee the impact of others' activities in transportation, settlement, production and distribution on her tolls, and must take account of severe losses of funds sunk into disused highways. So, when the needed transportation network becomes dense and economic activity promises large shifts in future needs, coordination of the highway system by government benefits all. Similarly, as government

solutions to public goods problems become important and diverse, rival governmental endeavors, each of them promising, press on limited fiscal resources, so there is a need to coordinate public projects, through political management of the allocation of resources.

Both the need to cope with public goods problems and the need for coordination figure in the political endeavor that enjoys broadest support among those who value free enterprise: government protection of citizens against individuals' intrusions on their non-coercive, non-deceitful self-advancement. In the absence of government, effective private protection associations must stymy, capture and punish thieves regardless of whether they have already preyed on subscribers, creating a public goods problem. The associations will be weakened by reduction or withdrawal of individuals' support out of resentment at perceived undervaluing of their contributions (a trait that plays a crucial role in Hobbes' argument for government). Reliance on private protection of free enterprise in a territory tends to give rise to a deadly coordination problem, as disagreements over what people have done and whether it constitutes wrongful interference with free enterprise create a deadly spiral of feuds. Government is the effective defender of free enterprise. Since police and judges must be paid, government must take gains from free enterprise to finance this defense.

Other important governmental activities, which do not solve public-goods and coordination problems, also require intrusion on free enterprise while benefitting everyone's free enterprise in their lives as a whole. Bankruptcy statutes remove an impediment to the risk-taking on which a thriving modern economy depends while limiting individuals' gains from individual loans. Patent laws stimulate innovation on the whole, but interfere with gains that some individuals would derive from their initiatives. A currency that is legal tender, which everyone is required to accept as payment, reduces transaction costs. Mitigating the gyrations of the business

cycle through fiscal and monetary policies benefits all, lies beyond the resources of individual businesses, and depends on taxation and control of the legal tender.

In the parlance of principled political advocacy, government endeavors which enhance successful exercise of free enterprise while worsening no one as compared to self-help pursue “the common good.” This pursuit ought to be shaped by dictates of political impartiality in ways that substantially advance the goals of social democracy.

For one thing, a government engaged in the pursuit of the common good should constantly seek ways to help some without worsening others, avoiding favoritism in the mix of endeavors. If a government devotes more of its fiscal resources to harbors in one part of the coast than in others or devotes more resources to harbor construction that especially advances the interests of those engaged in overseas commerce than to inland road construction that especially advances the interests of farmers, then it is corrupt unless the allocation can be reconciled with impartial concern. Also, the burdens of taxation should be distributed in ways that reflect impartial concern, a commitment in which avoidance of the extra burdens typically imposed by the same taxation on those who have less plays an important role.

Should government also seek to ensure that the benefits to its citizens of its common-good endeavors be distributed in ways that impartially promote their well-being? Since virtually all gains from their free enterprise depend on those endeavors, this requirement would yield a fully adequate basis for social democracy. But this vast extension of impartial political concern is not justified on the ground of this dependence. If the requirements of impartiality in the planning and financing of common-good facilities have been met, then all who benefit from them have fully and fairly done their part in paying for them, without relying on favoritism in their provision. It is not clear that anything more is owed to fellow-citizens by those who do more to

advance themselves through productive and commercial activities that make use of these facilities. If a republic governing a fishing-based economy constructs and maintains a harbor, fully and fairly paid for by its citizens, and Fran, the most skillful fisher, adds more to her catch than others through use of this commonly available, fairly financed facility, she could respond to the proposed redistribution by objecting that her obligations to help her fellow-citizens have been fully discharged by her payment for what benefits them as well. Why should the others be resentful of Fran's gains? Why should she feel guilty about retaining them?

In the case of some common-good regulations, as opposed to common-use facilities, Fran's objection lacks the same moral force. Current patent laws may benefit everyone as compared to their absence. But objections to their extent and the unequal distribution of their benefits do not seem to be met by the observation that salaries in the Patent Office have been fairly paid for. Fiscal stimulus to end recessions may benefit all, but the fact that the salaries of those involved in devising and implementing a fiscal stimulus have been fairly financed seems quite irrelevant to valid controversy over whether some have disproportionately benefitted. The difference would seem to be that these are not just facilities for common use by people engaged in production, exchange and consumption but are means of shaping production, exchange and consumption. The patent laws favor first-discoverers. The fiscal policies responding to recessions make it easier for people to pay for what they use. The cause of greater benefits of some than others is that the government has done more for them, not simply that they have more effectively used facilities that government has provided to all. So objections to their gaining more cannot accurately be answered by the claim, "I am merely making more effective use of what is available to you as well." This distinction produces distinctive moral constraints on specific policies, further expanding the scope of impartial political concern. These constraints are

part of social democracy, even if they do not sustain the full range of social-democratic endeavors.

Finally, there is a need to face the fact that “all” is not the same as “virtually all.” Some people may be worsened by even utterly uncontroversial political endeavors advancing the good of virtually all. For example, a government’s imposed dominance of defense against individuals’ intrusions on others’ innocent self-advancement might worsen people who deeply care about protecting their non-coercive honest self-advancement on their own, policing their own lives without submission to the rule of others. If they are sufficiently isolated, maintenance of the stalwart independence that they deeply value might more than compensate them for the inefficiencies of their self-policing. Similarly, those who deeply care about a life of hunting and gathering in a wilderness to which they are deeply attached might be worsened by disturbance due to highway construction. Such a person’s desire not to be disturbed is not simply the routine wish not to be disturbed by a particular project. The motel-owner on the main street of a small town whose business is ruined by construction of a nearby interstate highway can be reminded that he would not want objections similar to his own to block highway construction in general. But someone who deeply cares about foraging in a wilderness to which she is deeply attached might be glad to extend a veto of such worsening to others.

If the outliers are sufficiently remote and rare, exemptions from intrusion by the common-good endeavors might avoid worsening them without significantly reducing benefits to others. This is a morally attractive means of reducing the gap between “all” and “virtually all.” But benign exemptions may not close the gap, because of the impact of exemptions for the outliers on others’ lives. Inefficient policing by stalwart self-policers and disagreements over their judgments may disturb the peace of others. Routing of highways to avoid worsening hunter-

gatherers might destructively snarl the highway network. In such cases, the outliers would be wrong to insist on policies that would leave them undisturbed: such policies would significantly worsen many people and would block measures that are not intended to harm the outliers even though they foreseeably cause harm. Still, the surrounding citizenry should take due care to mitigate the impact of the disturbance, offering alternative bases for relative independence so far as their serious interests allow.

A limited license for political intrusion that imposes net lifetime costs has emerged. But it is not a license for taking gains from free enterprise from the outliers and using them to advance common good pursuits. The resulting contribution to those pursuits would be trivial and those forced to contribute would be required to aid in their own burdening. This is hardly a recipe for due care. In general, putting to one side administrative difficulties in distinguishing between valid and invalid complaints, the common-good justification for taking gains due to free enterprise justifies taking from virtually all, but not from outliers in a gap between virtually and literally all.

“Don’t Be Selfish”

The pursuit of the common good may advance a political society toward social democracy, but it will not lead to social democracy in a modern capitalist society, even if indispensable claims about the efficacy of social democratic measures are empirically justified. For social democracy cannot claim to impose net lifetime costs on no one or virtually no one. For example, measures that ensure that the worse-off have access to medical care relieving discomfort even if it does not interfere with efficient work, that make unemployment less burdensome, or that provide cultural enrichment and access to natural beauty to those worse-off

without increasing their contribution to material output can be expected to yield more cost than benefit to a significant best-off minority as compared with self-help and private charity.

How might the taking required by such measures be unobjectionable? One answer is suggested by the parlance of ordinary principled politics. In defense of measures that advance the well-being of the vast majority, add to the tax burdens of the rich and do not benefit the rich, it is often said that rich people would be selfish not to support them. In effect, the precept that people's gains from free enterprise should not be taken through laws that impose expected life-time costs on them is qualified by the proviso "unless they would be selfish to insist on retaining those gains." Granted, rich people are worsened by those measures, i.e., net costs are imposed on them. Nonetheless, their opposition is selfish if the measures would not make their lives worse and would make the lives of many others better. One does not lead a worse life because one eats a mediocre meal in a restaurant, and neither do rich people lead worse lives because of the net costs of their taxation, or so the argument from selfishness goes.⁵

Of course, what is at issue is taking by coercive means, not just the judgment that retention would be selfish. But enforced taking of fruits of free enterprise that it would be selfish to retain is clearly sometimes permissible. Suppose that Frank has ornamented a flag pole on his seaside lawn with a life preserver, a fruit of his free enterprise. Screams from the sea reveal that Brenda is drowning. A passerby, Charlotte, pleads with Frank to let her throw the life preserver toward Brenda, in an effort to rescue that may succeed, even though the waves may carry the life preserver away. If Frank clutches his life preserver, selfishly rejecting her request, surely it would not be wrong of Charlotte to gently wrest it from him and toss it to Brenda. Indeed, if the prospect of harm to Charlotte is not too serious, this seems to be her duty.

In exercises of force against some in order to help others, the means must not be objectionable. The taking required by social democracy is backed up by threats, occasionally implemented after due process, that are not themselves objectionable. The enforcement mechanisms are those that are needed and uncontroversially employed to sustain common-good pursuits, for example, to fund police and judges and the construction and maintenance of roads. Similarly, while the power to intervene of a state is vastly more wide-ranging than any individual's, the use of these enforcement mechanisms in tax-and-transfer avoids significant intrusion on citizens' direction of attention and energy toward their goals to the same extent as the uncontroversial means of pursuing the common good.

Whatever the mechanism of enforcement, taking from some to help others must be justified as a sufficiently necessary means to sufficiently serious gains to those who are helped, gains that are substantial in themselves and sufficient given the cost to those who are deprived. Taking Frank's life preserver from his amply decorated lawn to give Brenda a nice ornament for her undecorated one would not be justified. In contrast, the law-governed taking required by social democracy would make the lives of a great many others much better, if social democratic measures achieve their goals.

Granted, voluntary giving to causes close to one's heart is both an alternative means of helping and a significant source of personal fulfillment. Governments should not preempt private charity without strong reasons to do so. These often exist. If the reliable provision of extensive facilities, involving the coordinated work of large numbers of people, is important and profit is an inadequate motivation, then tax-financed public provision may be needed to remove widespread lacks diminishing well-being -- as in the provision of an educational system offering adequate opportunities to learn to students without sufficient private resources. Tendencies to

neglect personal duties of beneficence are sufficiently common that politically coerced provision plays an important role in meeting needs. What moves people with ample funds to give may not adequately correspond to the seriousness and extensiveness of unmet needs. By imposing similar contributions on those with similar abilities to pay, public provision avoids competitive losses by those who help due to competitive resources that others retain by failing to live up to their own responsibilities. By establishing legal rights to be helped based on readily applicable, bureaucratized standards, public provision reduces condescension, self-exposing pleas, deference, anxiety and time spent finding help, as compared to wholesale reliance on private charity.

These considerations involving enforcement mechanisms and advantages over private charity open the way to a justification of social democratic taxation that appeals to the scale and extent of losses imposed on those who are deprived of gains from free enterprise and the scale and extent of benefits to others made possible by those losses. This justification might begin with a survey of ways in which a social democratic political program can avoid worsening citizens' lives in a modern capitalist economy.

On the one hand, taxation adequate to sustain the extensive help that is the hallmark of social democracy will not make the lives of people worse in a best-off minority who are not helped by social democracy, because of the loose connection between less money and worse lives and options for gradualism in social democracy. Following ordinary usage, I will call such people "rich." Rich people can give up a substantial sum in taxes, more than they do in the United States, for example, without living worse lives. Going to less wonderful restaurants, drinking less wonderful wines, and buying fewer antiques makes a way of living less expensive without making a life worse. Granted, this margin has limits among the best off minority. Well-

being requires commitment to particular goals, expressing and shaping one's identity and guiding one's choices, in attachments whose disruption can worsen one's life. But the gradualism that is part of impartial concern (because of the importance of long-term goals in self-directed attainment) can overcome this barrier of attachment to expensive personal goals. A gradual increase in taxation of the best-off to help the worse-off provides time for the best-off to adjust -- to learn to enjoy less expensive ways of pursuing worthwhile goals to which they are attached, to develop new interests, and to complete demanding, unfinished projects by drawing on normal reserves. Moreover, as time goes on, both productivity and the stock of productive resources grow. If the new output were equally divided among all, those who are already rich would engage in more expensive pursuits and become securely attached to them over the course of time, so that more is ultimately required to ensure that their lives are not worsened. But an alternative allocation of gains of production, less solicitous of the better off, does not worsen their lives because it deprives them of means to enjoy activities to which they *would* have become attached.

Among those who are not rich, some distinctively social democratic political program which substantially improves the lives of the vast majority will worsen the lives of few, as compared with life prospects in any alternative political arrangement that is appropriately impartial. The lifelong perspective is important, here. Impartiality in a public endeavor of aid gives special weight to especially severe needs, which may burden few at any given time; but the more severe a need is when it is borne, the more important it tends to be to those currently unburdened to insure against it. Both the high safety net and the extensive public support for education that are hallmarks of social democracy help people to find the eventual fit between their work and their temperament and aptitude that is a need of all but available to few without

public support for education, risk-taking and second chances; at the same time, the eventual achievement of this fit ultimately improves people's contributions to meeting others' needs.

Using government to make up for serious deficiencies of mere self-help, social democrats seek to provide access to culture and natural beauty that is in the interest of the majority as a feature of their lives as a whole, even if they only occasionally take advantage of such access.

Granted, impartial political concern entails special concern for people in a worst-off minority even if their life prospects are relatively hard to improve. But the extent to which beneficiaries are helped and how many would be helped are also independently important. The harder it is to help the worst-off, the more attention would be paid to improving the life-prospects of the rest in the original position of impartial concern. Because of the importance of attainment and self-realization, political concern for the life-prospects of those who start out worse-off than others will emphasize provision of means of self-advancement through which they can reach higher echelons than they otherwise would, in the hierarchy of correlated income, wealth, initiative and responsibility that characterizes occupations in a capitalist economy. This creates a further linkage of interests: what improves well-being at higher echelons improves life-prospects at the lower rungs, to the extent to which higher echelons become reachable by those who start off from families at the lower echelons. Admittedly, goods of culture and recreation that social democrats seek to enhance do not directly contribute to economic self-advancement. But given the importance of economic self-advancement in acquiring income and wealth that one can employ to pursue one's own particular concerns, a social democratic political program will take care to ration direct political enhancement of culture and recreation so that it does not significantly constrain help in economic self-advancement.

Nonetheless, there will be some whose lives are worsened, as there may be even in pursuit of the common good. For example, some businesspeople who have invested their hopes and funds in enterprises whose success they deeply care about may have to abandon hope due to heightened tax burdens, and the chance of fulfilling their hopes may have been worth the risk of failure in a society with a lower safety net. Mitigating measures compatible with impartiality might help, here as in common-good pursuits. (Perhaps these would include tax-breaks for small businesses as part of a general increase in taxation.) But these mitigations will be limited by the need to observe the rule of law and by the special attention to those worse-off, to the number of those helped and to how much each is helped in impartial political concern.

Still, because of abundant income and wealth among the rich and the linked interests in social democratic measures among the rest, some distinctively social democratic program will have these features: those whose lives are worsened are few, they are protected against grave losses by the social supports of social democracy, and the provision that causes these losses for a few substantially enhances the well-being of many more, often relieving burdens as serious as the losses imposed on the small minority.

Support for a political program on these grounds need not reflect the view, which I questioned earlier, that impartial political concern in itself overrides claims for the protection of gains from free enterprise. As part of the justification, individuals are being asked to compare their own losses under a political program with the gains of other individuals in pair-wise comparisons. Losses for some are not being justified as means to less substantial gains for many more. That the individuals' losses are not grave is part of the justification. Acceptance of the losses due to taking gains from free enterprise in a political program that provides gains and imposes losses in the way that I have described would reflect a morally appropriate commitment

to impartial political concern as independently important, though not all-important or always overriding. The losses are morally proportionate, a reasonable response to competing considerations.

Still, one ought to seek a further justification, both in response to those who regard the deprivation of gains from free enterprise as disproportionate and to those who seek a more demanding social democratic endeavor than this standard of proportionality allows.

Although the standard of proportionality previously described would be shared by many who are not social democrats, some would reject it. Their dissent might reflect a view that only a very strong consideration of harm-prevention can justify forced taking: even if the method of taking and the political process governing the decision to take are not oppressive, the burdens relieved must be dire.

In the face of such disagreements with fellow-citizens on whom measures will be coercively imposed, one ought to seek justifications that reach out across the gap. One should treat a fellow-citizen's desire to live under laws that she regards as just as important, and this entails an effort to find common ground for impositions that she initially rejects. Perhaps one will have to give up on this attempt at reconciliation, and rightly so. But complacent satisfaction with the answer, "What strikes you as insufficient strikes me as sufficient" would not adequately respect those on the other side. In the case at hand, such progress in justification might reach beyond impartial political concern to further justify its demands by appealing to a further feature of free enterprise in actual modern capitalist economies.

In addition to the challenge from those more protective of free enterprise, the basis for social democracy that I have described may disappoint people who want to go further in impartially promoting citizens' well-being. Perhaps a great many citizens are materially

deprived, and feasible measures, exceeding the standard of proportionality that I have described, would make a substantial difference to their lives but require taxation that worsens the lives of a substantial number of those who are well-off but not rich. Whether this further reshaping of lives would show due care for free enterprise may be unclear, even to many social democrats, unless the claims of free enterprise are further qualified.

Exploitation

Buying and selling is a vital source of gains from free enterprise and, everyone agrees, must observe distinctive constraints. For example, fans of free enterprise do not seek to protect gains from fraudulent commerce in which a seller takes advantage of a buyer's ignorance. In addition, they ought to further qualify claims about the moral standing of exchange in light of another source of advantage: superior bargaining power. That someone who advances himself through exchange with others is deprived of benefits from taking advantage of their inferior bargaining power is not as such objectionable.

By inferior bargaining power to another with whom one engages in buying or selling, I mean lesser ability than the other to use the process of exchange to obtain help by him in return for help to him, lesser ability that is not due to the desirability to the other of what one offers. If a contractor pays Paul the painter a low hourly wage to paint a house because he works slowly and paints poorly, he does not take advantage of inferior bargaining power of the person whose labor he buys. He does if he pays Paul less because Paul's poverty and hunger put him under special time pressure to sell his labor.⁶

In the ordinary parlance of political argument, taking advantage of someone's inferior bargaining power when buying the use of her labor constitutes exploitation. Exploitation occurs in the buying and selling of labor to the extent to which the buyer benefits from inferior

bargaining power in the seller, in the transaction, in a way that sets back her interests, reducing her benefits from the exchange. Someone can exploit another in a transaction even if she would have been worse off all-told if the exploiter had not entered her life. Perhaps Paul the painter was in this situation in my second example of hiring to paint. The scope of exploitation is also narrower than it might seem in another way: exploitation should not be confused with benefitting from a weakness that could be a source of inferior bargaining power. The grocery store owner who benefits from Paul's hunger does not, by that token, exploit him.⁷

In actual capitalist economies, in the absence of governmental intervention, employers normally benefit from the inferior bargaining power of employees and would-be employees who are not managers, professionals or highly skilled, who are workers, in the ordinary usage of the word. Lacking substantial assets, except perhaps a house on which a mortgage must be paid, workers are typically under substantial time pressure to make a deal for their labor. Employers in a local labor market cooperate much more readily in avoiding offers that raise the wage for a job above the going rate than workers can in cooperating with one another to raise it. Employers have many devices for coping with threats of labor shortage that would reduce their superior bargaining power, for example, increased use of labor-saving innovations, outsourcing to diverse sources of labor that are readily substituted for one another if workers in one source hold out for more, and outreach to sources of labor, perhaps in distant places, that draw on workers under special pressure of need or facing special obstacles to labor organizing or successful shirking.

In imaginable economies, these advantages would be eliminated by pressure to hire workers to expand production up to the point at which no net revenue is yielded, pressure due to rational fear of competing firms that would capture investment funds and reduce market share. In reality, this threat from interlopers is greatly reduced by established reputations (typically based

on brand names), proprietary knowledge of recent innovations (often protected by patents), the importance of established networks of suppliers and distributors, economies of scale, and the risks of entering a new market when, in case of failure, investments in production facilities incur a substantial loss.

In addition to owners and investors, some employees share in the increased revenue due to the typical inferior bargaining power of workers, because of their stronger bargaining power. Top executives in U.S. firms are a shining example. What they will contribute to revenues is hard to assess and subject to extravagant hopes. Their salaries are set by social peers, who offer huge salaries with lofty "golden parachutes" at job-termination, expressing the high hopes in the value of the hire which they want others to indulge in their own compensation.⁸ Below these heights, difficulties in enforceability also create special bargaining advantages. Because of the importance of initiative, creativity, subtle judgment, or risk-taking by managers and professionals, their effectiveness will be stultified and badly assessed by the routine supervision and monitoring characteristic of the lower ranks. Because interpersonal relations rather than an enforceable allocation of tasks are so important, their moving to other employers is disruptive. So, at the higher echelons, the interests of the firm are served by premium salaries and by generous raises in response to outside offers.⁹ Freelancers in similar occupations benefit from the consequent high standards of pay for their similar work. The cheapening of goods and services due to those whose bargaining power is least yields a net benefit to those whose bargaining power is greater.

If someone interdependently advances herself through non-coercive, non-fraudulent activity in which she exchanges help for help without taking advantage of superior bargaining power, then depriving her of the full benefit of her activity could be grounds for moral

complaint, even if what is taken is used to impartially promote well-being. While she has relied on others, that reliance was fully cooperative, so the process of self-advancement in itself provides no appropriate cause for resentment. But to the extent to which someone has relied on another's inferior bargaining power to derive a benefit at cost to the other, deprivation of that gain through beneficent taxation or regulation is not grounds for complaint. Being taken advantage of by another is cause for resentment, and reduction of one's capacity to take advantage of others is not. That one has made someone worse off by reducing her ability to take advantage of one's inferior bargaining power is not an appropriate occasion for guilt.

In one's political choices, one should seek to eliminate appropriate causes for resentment among one's fellow-citizens. Taking gains from exploitation is a way to do this, if the gains that are taken are put to good use in reducing burdens of exploitation and impartially advancing well-being. In imaginable societies, these two goals might clash. They do not in actual capitalist societies, because of the strong tendency for those who would benefit more from help to be in economic situations subject to greater burdens of exploitation.

Acceptance of measures that reduce benefits from exploitation in order to reduce its burdens could, then, overcome moral reluctance to support social democracy among those who do not share the earlier judgment of moral proportionality. Indeed, attention to exploitation yields a revised standard of proportionality, which is much more receptive to taking gains from free enterprise to impartially promote well-being. That one's life would be worsened by reduction of gains from exploitation is not a sound moral objection to a political program, any more than the complaint that one's life would be worsened by protection against fraud or by the abolition of slavery. The appeal to moral proportionality should incorporate this judgment of relevant worsening: there are very few whose lives are made worse if the loss of benefits from

exploitation is put to one side. Gains from exploitation weaken the interconnection of interests among those who are not rich to the extent to which those in better economic situations benefit from inferior bargaining power of those worse off. The revision makes this weakening irrelevant. For example, there may be developing countries in which benefits from the bargaining inferiority of people who live in or have migrated from impoverished inland provinces are such a substantial component of the prosperity of a coastal middle class that social democracy would worsen the lives of a substantial minority. The loss of these gains is not a moral challenge to political programs that use them to help those who are burdened by inferior bargaining power.

“The System Is Rigged”

As in the case of unequal bargaining power, moral reflection on unequal political power in capitalist societies yields a justification for intrusions on free enterprise which is independent of the impartial enhancement of citizens’ well-being yet contributes to the case for social democratic measures that pursue this goal. The tendencies of capitalism that require these democratic interventions also prominently figure in the assessment of the other side of social democracy, support for capitalism.

In choosing among processes of governance, one should treat the presumed desire of each citizen to be governed by laws that he or she regards as just as equally important if he or she, too, has this regard for fellow-citizens. I will call this attitude “the collaborative stance.” One basis for this stance is a certain aspiration to acceptability of what is politically imposed. In deciding what process of governance to favor, one should try to avoid imposing laws on fellow-citizens through a process that they could not willingly self-respectfully accept. A citizen who takes her willing acceptance, as just, of laws imposed on all to be less important than such acceptability to others does not care about her own wishes as she should, and, so, lacks self-respect.¹⁰

In any remotely modern society, direct democracy is not the way to treat everyone's presumed desire to be governed by laws that she regards as just as equally important. That would guarantee domination by those with the time, interests and skills to effectively participate in endless meetings. Instead, at least in the advanced capitalist societies that are the home territories of social democracy, the collaborative stance will favor constitutional representative democracy, with competitive elections, universal suffrage, and freedom of advocacy and assembly. Through this institutional arrangement, citizens can deal with their disagreements over what laws are just by an effort, in good faith, to offer and receive justifications of competing political programs, an endeavor normally largely conducted through media and through specialized advocates for each side. This process of mutual persuasion is a vital component of treatment as equally important of one another's desire to live under laws that each regards as just. That desire is not fulfilled by being hoodwinked into acceptance or being cowed into acquiescence. However, engagement in mutual efforts to persuade that lead to votes among competing candidates is not sufficient. In the collaborative stance, fellow-citizens welcome, encourage and advance a desire of each to have his or her life actually shaped by directives that she or he regards as just. So treating this presumed desire in each as equally important involves an aspiration to reduce inequality of political influence.

Legislators, political executives and professional advocates will, as individuals, be especially influential. The collaborative stance can accommodate this aspect of the representative government it favors through an appropriate benchmark of equal representation. Something like this aspiration would be appropriate: one seeks progress toward a political process in which the likelihood of success in changing laws in the direction that is regarded as right from each distinctive, respectful political perspective is proportionate to the number of those who share it,

adjusted for their degree of concern for change. Here, a distinctive political perspective is a disposition supplying reasons for political choice that reflect distinctive experiences, life-projects, interests or views of how to live and how to live with others; it is respectful if it is compatible with a commitment to the collaborative stance.¹¹

In actual capitalist economies, influence over the array of measures that people are forced to obey is highly disproportionate, in ways that favor the economically well-off. This is strikingly true in the United States. One study, by Larry Bartels, found that that U.S. Senators' votes were very strongly correlated with the political opinions of people in their states with family incomes putting them in the top 29% nation-wide, weakly correlated with the opinions of those with incomes in the middle 40%, and not correlated at all with those in the bottom 31%.¹² Investigating the correlation of changes in national policies with public opinion from 1980 to 2002, Martin Gilens found that when high-income Americans have a significant tendency to disagree with middle-income or poor Americans about the desirability of a legislative change, there is much greater responsiveness to their preferences. There is virtually no chance of a change responsive to 10th percentile or 50th percentile opinion when it differs, on average, by more than ten percent from 90th percentile opinion.¹³

In the United States, restrictions on campaign contributions would, no doubt, reduce such disproportions. But they would still be very great, as in European countries where restrictions on campaign contributions or on the use of television in campaigns make those contributions an unimportant channel of influence. Such limits leave intact enormous strategic advantages of those at the higher economic echelons in influencing political decisions. To succeed when in office political leaders must take very seriously the views of business leaders, whose sentiments will determine the pace of investment and the prevalence of unemployment. The most

influential media are business enterprises based on enormous investments and advertising revenue. The skills, work schedules, and networks of acquaintance of managers and professionals are resources for political activity, including successful entry into electoral politics, yielding influence which will typically be shaped by their distinctive political perspectives.

The activities that typically generate the disproportionate influence of the best-off are not wrong. They are public-spirited uses of what is achieved through free enterprise. However, in their totality they thwart a political aspiration that ought to be pursued. This is a reason to intervene politically, regardless of whether intentions are benign. In much the same way, there is nothing objectionable about interference with acts of free enterprise that, collectively, harm through pollution, even if no harm is intended and the side-effect of any individual's activity would not be harmful by itself.

The interventions that reduce political pollution from unequal political influence tend to advance workers' economic interests, as well as helping to advance political measures that they regard as just. Protection for union organizing enhances both collective political influence and economic clout. Greater leisure and less drudgery increase well-being and also increase energy, attention and interpersonal networks that can be used in politically influential ways. Increased access to higher education both increases economic prospects and increases the likelihood that people with working-class backgrounds will hold political office. (From 1999 to 2008, 1.6% of members of the Senate and House of Representatives had spent more than a quarter of their pre-congressional work-lives in working-class jobs.)¹⁴ While political interventions promoting these increases in political resources among workers will reduce gains from free enterprise among those with the greatest gains, they are not appropriate bases for resentment. Rather, they reduce appropriate resentment of political inferiority.

The role of the collaborative stance in reducing appropriate resentment is especially important when differences in economic resources are a major source of differences in political power. This strengthens the case for shaping governance as the collaborative stance requires. Others' greater economic success does not, as such, merit resentment, though envy may be an understandable response. "More power to him" can be the right, welcoming response to someone's achieving enhanced capacities. But to the extent that fellow-citizens do not seek to constrain the conversion of enhanced personal capacities into political power, welcome of others' success would often entail a welcome to more power over oneself. "More power over me" cannot be welcomed by a self-respecting citizen, so success heightens motivations for resentment. Fellow-members of a society should aspire to a life together in which the success in life of each is not an appropriate source of resentment by others. This aspiration would be an independent source of support for laws that reduce the extent to which some fellow-citizens' desire to be subject to laws that they regard as just is less important than others'.

A Burdensome Embrace

That the big winners from free enterprise could have much less without leading worse lives, that workers are exploited under capitalism and that the political system is rigged against workers are independent yet mutually reinforcing considerations when a social democratic political program is defended against the charge that it does not do justice to free enterprise. These are also traditional ingredients in a case that capitalism should be overthrown. This is not the social democratic response.

A social democratic case for capitalism could appeal both to economic and to political advantages. Economically, the alternative to capitalism that has been tried, the coordination of a modern economy by central planning, produces severe material losses, due to deficiencies

including the stifling of innovation and of responsiveness to international opportunities, which disrupt the central plan, the need for managers to hoard inputs that may be needed to meet their production targets, and weak pressure to identify and satisfy consumers' wants.¹⁵ The alternative that has not been tried, an economy of competing enterprises that are owned and controlled by those who work for the enterprise, has a strong tendency toward widespread unemployment. To sustain efficiency based on competition, the workers in the worker-owned firms are motivated in their decisions by the profits that they share and their firms operate under pressure of realistic fears of bankruptcy in case of competitive defeat. In this system, the worker-owners of surviving firms will have inadequate incentive to expand and take on refugees from the failed firms, who will dilute their profit shares.¹⁶

Politically, coordination through a central plan requires long-term stable guidance by the central source of control that is incompatible with shifts in governance from one political party to another and with unconstrained disruption by discontented employees and local communities. This need for stability creates a strong incentive to restrict freedom of assembly and expression and to create a climate of fear of openly challenging the center's authority, competence or justice. The incentive is especially strong because loss of authority takes the form of overthrow, not temporary retreat into loyal opposition. In an economy of worker-owned firms, the government's role in coping with shortfalls in investment, the special resources for influencing decisions, political as well as internal, of managers and professionals in large firms, and the tendency of those advantages to be perpetuated along family lines sustain large inequalities of political influence. The achievable reduction in inequality of political influence as compared with achievable democratic enhancements of capitalist governance does not compensate for economic losses, from the standpoint of those who bear the brunt of this trade-off.

These are elements of a case for social democracy's commitment to reform capitalism, not replace it. But the criticisms of unreformed capitalism that justify social democratic intrusion on free enterprise do not simply point the way toward morally necessary reform. They point to daunting obstacles to reform.

The strategic political advantages of people in the higher echelons of a capitalist economy can be mitigated, but cannot be eliminated. They are inherent in the hierarchical management of firms and in reliance on private investment to coordinate production. Similarly, exploitation can be mitigated, but cannot be eliminated in a capitalist economy. The relentless effort to reduce costs, including labor costs, and the contraction and failure of less successful firms which make capitalism efficient also perpetuate the inferior bargaining power of workers. Successful investment, jackpots from the unpredictable success of profitable innovation, and rewards to those whose skills are specially in demand because of shifts in technology and commerce will make some people rich, with income and wealth that many of them cherish as emblems of success and use in such competitive consumption endeavors as finding a desirable home in a desirable neighborhood.

In such a society, i.e., any actual capitalist society, the strength of the moral case for political measures that take gains of free enterprise will not correspond to its success. The higher echelons of a capitalist economy, like the lower echelons, are occupied by humans, not angels. Their political inclinations will tend to be shaped by their interests and their personal fears of loss while their responsiveness to actual limits to the well-being and power of those in different social situations will be constrained by dissimilarity of experience and inadequate personal acquaintance. Those inclinations will, inevitably, be disproportionately politically influential in shaping the government's response to calls for doing more, at cost to those in the higher

echelons, for those at lower echelons, enhancing their well-being, their bargaining power and their political influence. In the absence of governmental intervention, capitalism inevitably generates inequalities that merit intervention; it also inevitably, to a substantial extent, thwarts those interventions.

In sum, while valid moral constraints on intrusion on free enterprise do not preclude support for social democracy, the economic coordination based on free enterprise that social democrats support guarantees that they will fall short of their goals. Social democracy is a recipe for moral progress and for moral failure.

¹ In this article, I will be investigating bases for morally conscientious choice of what political program to support, putting to one side the option of political disengagement. The role of non-spitefulness and non-selfishness in subsequent arguments for a social democratic choice points the way to a moral duty of most people in a modern capitalist society to engage in political choice, siding with social democracy, but I will not pursue this argument against disengagement.

² Although the original position of impartial political concern is not the device that figures in Rawls' conception of justice as fairness, it has significant antecedents in Rawls' work. At the end of Part One of *A Theory of Justice*, he suggests that an adequate conception of benevolence would rely on the veil of ignorance to address conflicting claims among those who are its objects. See *A Theory of Justice* (Cambridge: Harvard University Press, 1971), 190f. In subsequent versions of the original position on which he does rely, participants in this choice procedure each represent a citizen, for whose relevant interests they are responsible, choosing in ignorance of his or her distinctive features. See, for example, *Political Liberalism* (New York: Columbia University Press, 1996), 24f.

3 Self-directed attainment involves central elements of Joseph Raz's conception of autonomy.

See *The Morality of Freedom* (Oxford: Oxford University Press, 1986), especially Chapter 14.

4 The taxpayer's complaint appeals to the moral side-constraint against aggression, which Nozick presents as the basic libertarian constraint toward the start of *Anarchy, State, and Utopia*. In addition, Nozick subsequently proposes that there is a moral entitlement to retain gains from free enterprise because of their grounding in consent, offering the slogan, "*From each as they choose, to each as they are chosen.*" But in the absence of government interventions requiring deprivation of free-enterprise gains, engagement in free enterprise is a matter of dire necessity for the vast majority, a decision made under duress, and free enterprise can generate harmful side-effects, such as pollution, losses that are not, remotely, chosen. In any case, my subsequent rebuttal is readily adapted to this alternative version of the taxpayer's complaint. Nozick's further connection between economic entitlement and people's entitlements to their own physical and mental capacities is sometimes taken to be a basis for his distinctive claims for free enterprise. But he limits the entitlement generated to "whatever flows from ... [the use of one's natural assets] (via specified types of processes)." The parenthesis is essential, since thieves and conmen use their natural assets. Since impartial political concern requires respect for property rights, this is not a basis for establishing its inadequacy. See *Anarchy, State, and Utopia* (New York, Basic Books, 1974), 33-5, 160, 225f.

5 Those who would prefer to say that one's life, although worse, is not significantly worse if one eats a mediocre meal should include the adverb at appropriate points in what follows.

6 The crucial contrast is implicit in Adam Smith's great investigation of capitalist commerce in *The Wealth of Nations*. In the second chapter, he celebrates "the propensity to truck, barter, and exchange one thing for another" as the means by which a person in any "civilized society" meets

a "need of the cooperation and assistance of great multitudes. ... Whoever offers to another a bargain of any kind, proposes ... Give me that which I want, and you shall have this that you want ... and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of" (*The Wealth of Nations* (New York: Modern Library, 2000 [1776]), Book I, Chapter II, 14-15). Elsewhere, he mordantly describes departures from this cooperative process which he takes to be pervasive in capitalism, including employers' collusion in preventing wage increases, the pressure of necessity on workers to accept employers' terms, and capitalists' political capacity to oppressively impose their interests (see, for example, Book I, Chapter VIII, 77; Book I, Chapter IX, 287-8). In "Is Capitalism Corrupt?", *Social Philosophy and Policy* 35/2 (2018), 35-38, I describe in more detail these roots in Smith of my conception of exploitation and note how a useful device in modern economic theory, the perfect competitive market, unavailable to Smith, can be used to distinguish differences in capacities to make use of exchange from mere differences in the usefulness of what is offered. See also "Unequal Bargaining Power and Economic Justice," Monique Devaux and Vida Panitch, eds., *Exploitation: From Practice to Theory* (London: Rowman & Littlefield, 2017), 17-21.

⁷ In an insightful discussion of what is wrong with exploitation, in which workers' bargaining weaknesses play an important role, Allen Wood ultimately claims that exploitation is objectionable because it consists of the derivation of benefit from another's weakness or vulnerability. He takes doctors' benefiting from treatment of patients to be objectionable in this regard. My account does not lead to this implausible conclusion. See Wood, "Exploitation," *Social Philosophy and Policy* 12/2 (1995), 151-53.

⁸ Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge: Harvard University Press, 2014), 330-35 describes this source of high executive salaries in detail, with further references.

⁹ The classic account is Carl Shapiro and Joseph Stiglitz, "Equilibrium Unemployment as a Worker Discipline Device," *American Economic Review* 74/3 (1984): 433-44.

¹⁰ The collaborative stance and the aspiration to proportionate political influence that I will derive from it broadly parallel perspectives insightfully advanced by Nico Kolodny and Daniel Viehoff. Both appeal to a moral commitment to avoid relationships of inequality and take this general commitment to entail opposition to governance reflecting unequal power. See Kolodny, "Rule Over None II: Equality and the Justification of Democracy," *Philosophy & Public Affairs* 42 (2014), especially 299-310 and Viehoff, "Democratic Equality and Political Authority," *Philosophy & Public Affairs* 42 (2014), especially 351-63. Their ultimate goal is to find an appropriate basis for political authority, i.e., a duty to obey laws because of the process of governance that produced them. For reasons suggested by the concluding section of this article, I doubt that they have described a feasible path to political authority, and their arguments for their conception of the duty to treat fellow-citizens as equals differ from my arguments here. But their positions would serve as an alternative basis for strengthening the case for social democracy by appeal to the demands of democratic equality. The arguments for the reduction of inequality of political influence in this section also broadly parallel the second chapter of my book, *平等, 民主, 与国家主权 : 东西方的和解* [*Equality, Democracy and National Sovereignty: Reconciling East and West*] (Beijing: People's Publishing House, 2016), though I now think I was overly reliant, there, on parallels between political and personal relationships.

¹¹ Within the collaborative stance, progress toward greater equality of influence, not its actual achievement, is the appropriate commitment. For there can be conflicts with other components. For example, adequate freedom of political expression requires extensive private control of media, which has unequal influence as an unavoidable consequence in a capitalist society. The

effective implementation of political programs requires independent choices by elected officials during their terms of office, and their wheeling and dealing to form coalitions is an important means of giving force to the special concerns of minorities. Inevitably, this will invest politicians with influence that is not fully constrained by electoral accountability. Still, the effort to reduce disproportionate influence is one independently important aspiration in the collaborative stance, which is itself one independently important aspect of justice, not all-important or always overriding.

¹² See Bartels, *Unequal Democracy* (Princeton: Princeton University Press, 2008), 257-60.

¹³ See Gilens, *Affluence and Influence* (Princeton: Princeton University Press, 2012), 78-83.

¹⁴ See Nicholas Carnes, *White-Collar Government* (Chicago: University of Chicago Press, 2013), 20.

¹⁵ Janos Kornai has investigated the inherent economic liabilities of central planning in especially rich detail. See, for example, “Resource-Constrained *versus* Demand-Constrained Systems,” *Econometrica* 47 (1979): 802-20, *Economics of Shortage* (Amsterdam: North-Holland, 1980), and *Dynamism, Rivalry and the Surplus Economy* (Oxford: Oxford University Press, 2014), 18-23.

¹⁶ The limits to expansion of employment and other liabilities of an economy of worker-owned firms are powerfully analyzed by J.E. Meade in “The Theory of Labour-Managed Firms and of Profit-Sharing,” *Economic Journal* 82 (1972): 402-28 and “Labour-Managed Firms in Conditions of Imperfect Competition,” *Economic Journal* 84 (1974): 817-25. Although limited in extent, prerogatives and duration, there was a significant advance toward such an economy, the furthest that has been tried, in Yugoslavia from 1965 to around 1974. The effects included a substantial increase in unemployment, and the experiment was abandoned amid widespread

discontent. See Saul Estrin, *Self-Management: Economic Theory and Yugoslav Practice* (Cambridge: Cambridge University Press, 1983), especially 66-77, 152-63. Proposed measures to cope with the deficiencies of an economy of worker-controlled firms tend to introduce capitalist relations of subordination, for example, through enhanced power of profit-seeking banks providing loans or inferiority to the original participants of subsequent entrants or temporary workers.