

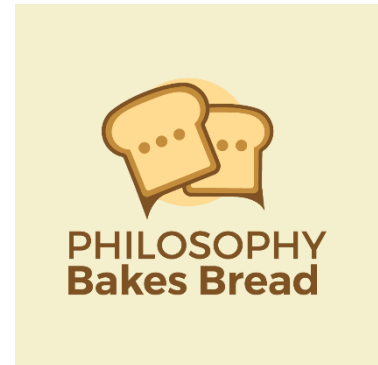
Private Government



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[Intro music]

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[Theme music]

Dr. Weber: Hey everyone. You are listening to WRFL Lexington, 88.1 FM, all the way to the left on your radio dial. This is Dr. Eric Weber and I am here to play for you episode 30. It's hard to believe we have hit 30 episodes today. Episode 30, this is if you count those breadcrumb episodes, which are those nice short little episodes. We're hitting episode 30 today with Dr. Liz Anderson! I'll let the show tell you about her, but I hope you enjoy the show and that you reach out to us. Without further ado, here is *Philosophy Bakes Bread*.

[Theme music]

Dr. Weber: Hello and welcome to *Philosophy Bakes Bread*: food for thought about life and leadership, a production of the Society of Philosophers in America, AKA SOPHIA. I'm Dr. Eric Thomas Weber.

Dr. Cashio: And I'm Dr. Anthony Cashio. A famous phrase says that philosophy bakes no bread, that it's not practical. We in SOPHIA and on this show aim to correct that misperception.

Dr. Weber: *Philosophy Bakes Bread* airs on WRFL Lexington 88.1 FM, and is distributed as a podcast next. Listeners can find us online at philosophybakesbread.com We hope you'll reach out to us on Twitter @PhilosophyBB, on Facebook at Philosophy Bakes Bread, or by email at philosophybakesbread@gmail.com

Dr. Cashio: Last but not least, you can call us and leave a short, recorded message with a question, or a comment, or bountiful praise that we may be able to play on the show at 859-257-1849. 859-257-1849. On today's show, we are very fortunate to be joined by Dr. Elizabeth Anderson. Dr. Anderson is the Arthur F. Thurnau Professor and the John Dewey Distinguished University Professor of Philosophy and Women's Studies at the University of Michigan. How are you doing today, Liz?

Dr. Anderson: Oh, I'm doing just fine. Thank you.

Dr. Cashio: Thank you for joining us this morning. Dr. Anderson's research focuses on democratic theory, equality in political philosophy and American law, racial integration and the ethical limits of markets. She writes about the philosophies of John Stewart Mill and John Dewey, as well as the philosophy of science.

Dr. Weber: We are very lucky to have you with us. Thank you so much, Liz. Dr. Anderson also designed and was the first director of the program in philosophy politics and economics at the University of Michigan. She published the 2011 book *The Imperative of Integration*, which came up in our episode with Dr. Nussbaum a few weeks ago. This year, Liz has released a book based on her Tanner Lectures, delivered at Princeton University. The book is called *Private Government: How Employers Rule our Lives and Why We Don't Talk About It*. We are excited to talk with you, Liz today about your new book and thank you so much for being on the show.

Dr. Anderson: It's a pleasure to be here.

Dr. Cashio: Excellent. Alright Liz, we call our first segment, "Know Thyself!" We want to know whether you know yourself. We're going to ask you very simply, tell us about yourself, tell us how you came to do philosophy, tell us what maybe philosophy means to you and how you think about it.

Dr. Anderson: I started philosophy pretty early in high school, from my father. When I was in high school, my father sat me down and we read a little bit of Plato's *The Republic* together and John Stewart Mill, and I think his aspiration was that he was an aeronautical engineer, so we had a totally technical education, but he was full of curiosity about big questions in life. Starting around 9th grade he thought he would engage me with some philosophical exploration. We read some philosophy together and then when I went to college I actually was planning on being an economics major, but when I was taking economics, I had a lot of questions about foundations of economic thought. Turns out that most of the foundational work that is trying to really answer these questions is coming out of philosophy. I was drawn then from economics to philosophy, although I still remain very engaged with economics and the history of economic thought, and the social sciences more generally.

Dr. Cashio: You have one of those rare fathers who was happy when you said, "I'm going to major in philosophy."

Dr. Anderson: Oh yeah. He was totally supportive. My mom too. True believers in the liberal arts. I'm very grateful to my parents for that support.

Dr. Weber: Tell us something unique about you that tells us something beyond how you originated in your trajectory into philosophy, what is something about you that helps us understand your inclination and interest in these things. Tell us a little about yourself as a person.

Dr. Anderson: I'll tell you a little about how I got onto the subject matter of that book because it's kind of an interesting story. My father was, he still is, pretty hardcore libertarian, free-market kind of guy. That's what I was mostly reading in high school. I went to college and that was in the late 70's and early 80's. In college I had a very different experience. There were a lot of professors who were questioning that libertarian theory of society. What really got me going was that one summer I got a summer job at a bank and I was a bookkeeper. Bookkeepers in those days—I'm not sure what they do these days—but in those days we actually got physical checks that had bounced, when there was insufficient funds in the accounts. We would manage those and send them either for payment or rejection all on the basis of our superior, who would tell us whether the account should be paid or not. I'm sure banks have automated it, it's all computerized, but back then you actually had human beings making these decisions. One thing that I noticed was the systematic pattern when businesses were falling behind they would always short their workers, not their suppliers. They would have two separate accounts, it was always payroll that bounced. I was thinking, "Wow, that's really unfair to those workers because when workers deposit a paycheck, they actually get fined if the paycheck is returned, so they have to pay a price for the fact that their employer gave them a bad check. Of course, they are trying to draw on the money that they were supposedly paid. They are bouncing checks and they get fined again for that. It was the wealthier people where the bank decided it would cover the checks anyways. Sometimes without even an overdraft fee. But the workers were always just getting abused.

At the same time, I was working at this bank during the cubicle-ization revolution. It was right at the transition from an open office to putting everybody in a cubicle. I was there when the manager of the bookkeeping department decided to do this. When we were in an open office we really liked it because we would talk to each other, and it was kind of sociable and made otherwise mechanical and boring work kind of pleasant because you could just look over to your neighbor. It also made it easier to communicate about various issues that were arising at work. Then we were all put in cubicles. Everybody resented it! It made work less efficient because it made communication hard between the workers. There was huge resentment and my coworkers who had not, I'm quite confident, had never encountered any kind of Marxist theory, or anything like that, really thought that the manager was manipulating everybody, just being mean and trying to abuse the workers. We were never consulted in the change in the office architecture. It made our work less efficient and less pleasant at the same time. This spontaneous Marxist theorizing is going on, and I thought, "Wow this is really interesting philosophically."

Dr. Cashio: You were thinking this is high school?

Dr. Anderson: This was in college. It really got me to thinking about how philosophy could really help because I had been reading Marx. It turned out that Marx had a very different context in mind. He's thinking about the horrors of factory labor and so forth. I didn't think that Marx had quite the right angle on this, but what it did make me think is that here are real concrete problems that people are suffering from that could use some political philosophy to help us sort out what is going on. The idea for this book was actually planted decades ago, and finally I got the opportunity to sit down and write up what I thought.

Dr. Weber: I really like the fact that you point out that the big changes in the workplace and how things functioned came about without any consultation from the employees. There's a lot of

people and a lot of potential intelligence to draw on, yet somehow managers tend to think they are the only sources of it.

Dr. Anderson: In fact, I think it's even worse than that. Managers don't want to consult employees. We employees, we bookkeepers want to do a good job. We had some ideas about how to improve operations, but they didn't want to hear from us. One of the traditional roles of consulting in business is to be a mediator. The consultants will go out and talk to the workers about how to improve operation: "What ideas do you have?" Then they channel that information to management. Management, why do they have to hire consultants? They could just talk to the workers directly. They don't want to do that because then it would make them feel like they are ceding authority.

Dr. Weber: That is such a bad attitude about leadership. This really is helpful in giving us some background, and it probably informs some of your reaction to your father's more libertarian outlook.

Dr. Anderson: That's quite right. In college, it wasn't just from what I was reading but what I was experiencing in my summer jobs that made me think that libertarianism isn't really addressing all of the issues that people have. In particular, it has a blind spot about work and the nature of work.

Dr. Weber: When you took your philosophy classes, you came to philosophy out of different dissatisfaction with studying economics. What were the kinds of dissatisfactions that you found when looking at economics?

Dr. Anderson: Basically, in economics, there's this concept of preference. The market delivers whatever you prefer because you have chosen it freely. That's turned to two uses. One is just descriptive. Preference is just understood as whatever you choose among the options available to you on the market. That's purely descriptive. Then there's also a welfare economics part of it, which assumes that whatever you choose advances your personal welfare. That is not necessarily true. There are a lot of reasons people choose things. Sometimes people make sacrifices for other people. They take on a horrible job in order to support their family members. Sometimes they are backed into a corner and don't have any good options that they consider helpful to them. Sometimes they act out of social norms and expectations that they do stuff because other people expect them to do it, not because they think it's really helpful to them. It was really in philosophy that these distinctions were being drawn, whereas economics was facing those distinctions, thereby making us less able to evaluate what happens on the market. There is a way of talking, "Oh it's satisfying your preferences, it's all good." Well, markets do a lot of great things for us, but not everything that happens there is good for people.

Dr. Weber: That's interesting. Because the economist is going to say, "You wouldn't choose it if it weren't better for you than not choosing it".

Dr. Anderson: One way to think about this is that if you are given a set of options to choose among, it could be that no item in the set is decent. The fact that you chose one of the items doesn't vindicate how bad the option set is.

Dr. Cashio: Liz has made this nice distinction of economics and philosophy, and we always ask this as part of the "Know Thyself" segment. What do you take philosophy to be? What is the practice or the art of the discipline of philosophy to you?

Dr. Anderson: Philosophy asks the big questions. Questions that are difficult to get a handle on, and hopefully what we try to do is clarify what can count as an answer. The kind of philosophy I like to do draws its questions from ordinary life, from problems that people are encountering in ordinary life or in inquiry, like problems that scientists and social scientists encounter where it is a little bit puzzling to know for instance what would count as a cause in social science. Or how would you tell that you've got a handle on a causal mechanism, or just a correlation. What does that even mean? Philosophers can help clarify these issues. There are also questions that arise internally in philosophy, but I'm much more interested in the philosophical questions that just arise from ordinary life and from inquiry in other disciplines. That's what energizes me to do philosophy.

Dr. Weber: Excellent. It's interesting about the causal issue. Politicians will always claim that any kind of upward swing in the market was caused by their administration.

Dr. Anderson: But then the problem is that they don't want to take responsibility for the downward swings.

Dr. Cashio: It's always the other guy.

Dr. Weber: This has been terrific. We have three more segments to talk with Dr. Elizabeth Anderson. This is Dr. Eric Thomas Weber. My co-host is Dr. Anthony Cashio. We're going to come back and talk about *Private Government: the Way Employers Rule our Lives and Why We don't Talk about It*, the latest book out by Dr. Liz Anderson.

Dr. Cashio: Welcome back to *Philosophy Bakes Bread*. This is Dr. Anthony Cashio and Dr. Eric Weber and we are talking with Dr. Elizabeth Anderson. In this episode, we'll be talking about Liz's new book, *Private Government: How Employers Rule our Lives and Why We Don't Talk About It*. In this segment, we're going to talk about why we talk as if we were free in the market or the private sector and only the state threatens our liberties.

Dr. Weber: Liz, today we do seem to treat the government as the realm of compulsion and the private sector as a space for creativity and freedom. Is that wrong? If so, why, and what do you mean?

Dr. Anderson: I want to focus within the private sector on the workplace. Basically, what I want to say is that we should understand the workplace as a government. Not the state, it's a different kind of government. But it's a government. Within the workplace, workers take orders from their bosses and their bosses are able to impose all kinds of penalties for disobedience or dragging their feet. They can be fired, they can be demoted. Their pay and benefits could be cut, they could be harassed. There are a million and a half ways to make a worker's life miserable if the manager doesn't like them or what they are doing, or has some kind of pet peeve. Millions of workers suffer horribly from humiliation, from all kinds of abuse and degrading treatment.

Part of that is an expression of the authority that managers have over their workers. I'm not questioning the legitimacy of some kind of managerial authority, but the problem that I have is that authority often exceeds all bounds. Bosses can fire people not just for bad work, but for activities that their employees do off-duty. People have been fired over their choice of sexual partner, because of their recreational activities off-duty. They can be penalized for all kinds of stuff that it's properly in the scope of a boss' authority, but under the law they are entitled to

control workers' lives not only at work but really anywhere they feel like it. The bounds of their authority is limited only by a tiny number of laws which are largely unenforced in America. Not only is the workplace a kind of government, but it's a pernicious form of government that is unaccountable to the people being governed, namely the workers who don't really have a say in the orders that their bosses give them. They don't have a say in who their bosses are.

Dr. Weber: Interesting, because we typically think of government as this thing you can't choose or help but to be a part of or to be subject to. But we do think businesses as things that we choose to be subject to. Is that a mistaken way of thinking about it?

Dr. Anderson: People do choose to live by their governments. What makes a government isn't whether you have chosen it or not, or even whether you could leave. Consider for instance the citizens of the member states of the European Union. In the European Union you have freedom of exit and entry from any member states. It's a real possibility. Not only do you have freedom to leave, but you have an absolute right to enter any other member state. We don't think, therefore, that government has been abolished just because people have a freedom of exit and entry. They are choosing the state that they live under in the E.U. That doesn't mean the government has disappeared.

Dr. Weber: That's a good counter-example. Very nice.

Dr. Cashio: Maybe we should be clear. We're talking about the E.U. as a government; we're talking about business as a form of government. What do we mean by government, before we proceed. For listeners, because I'm sure there will be some disagreement on that.

Dr. Anderson: I'm defining government in such a way that the state is only one kind of government. A government exists wherever some people have the authority to issue orders to other people and they are able to impose penalties for others for disobedience or poor implementation of those orders. Government happens all over the place. Parents govern their children. A lot of parents often wish they could! Principles of schools govern their schools. Church leaders govern their churches. That broader notion of government was once very widely acknowledged and people understood that government was all over the place. Today we have, especially in the United States, we have a way of talking about government where only the state is recognized as a government. I think that is just wrong. The state is one form of government among others. It has a certain jurisdiction, but there are all kinds of private governments whenever you have a complex organization with an organizational hierarchy: higher offices and lower offices. You have government.

Dr. Weber: You have CEO's and shareholders and you may want things to be different but things are governed in a certain way.

Dr. Anderson: That's right. Their government has its own constitution or mode of operation: the rules by which higher offices are chosen, how people are selected to fill those positions, what kind of authority they have, what's going to happen if people disobey the rules of that organization. In a church for instance, sometimes disobedient members can be excommunicated. They are like sent into exile.

Dr. Weber: I teach a business ethics class and I remember one interview that I showed with my class that featured a CEO talking about how he may want things to go differently but he has certain duties and obligations and there is a government structure. He can't choose what he

thinks is right. He reports to the shareholders. This was him talking about governance as a president who says, "I can't just establish law. That's the legislature's job."

Dr. Anderson: The constitution of publicly-held corporations, that is a corporation of shareholders, is an oligarchy. The board of directors are the oligarchs and they appoint a CEO who would be responsible for day-to-day operations. The board can set certain constraints, especially on major policy issues. Although, by and large, the CEO is given a fairly free hand of decision making with respect to day-to-day operations. If the corporation is not publicly-held, then the CEO is the dictator. The constitution of most workplaces is a dictatorship and the boss calls all of the shots and the boss isn't elected by the people who he or she orders around. The boss isn't really accountable. There are very few limitations on the boss power. There are a handful of labor laws that protect the worker against a few things, mostly having to do with discrimination: race discrimination, sex discrimination, age discrimination, disability discrimination. But besides that, the boss has pretty much untrammelled authority to act at will: fire people at will, hire people at will, promote, demote, harass, humiliate, and so forth.

Dr. Weber: We're going to come back to the dictatorship idea. Just in terms of the big picture, Liz. In some ways, the knee-jerk every-day reaction to these ideas suggests that employees owe employers for just having a job. "It's the way things are," you might say. How could it possibly be different? Don't they pay us? Don't we owe our employers for our jobs?" This is one everyday way of thinking today. Is this wrong-headed?

Dr. Anderson: What I would say is that workers do have a duty to put in an honest day's work. Absolutely. That is a proper condition for anyone having a job. I don't think for that reason that workers should feel especially grateful for a job. After all, they are performing an indispensable service for the firm without which you couldn't be making profits. Maybe the employer should feel grateful for workers who are putting in an honest day's work and making them able to make a profit. I think we should see this more as a reciprocal relationship rather than more of a one-side has to feel grateful and bow and scrape before their employer like their aching for something. I think that's undignified.

Dr. Cashio: Isn't a function of the market, depending on which field you are talking about. There are certain jobs where there are a glut of people who can do it so the employer gets their choice of who they want to hire, so the employee is grateful to have a job because it could have just as easily gone to John down the street.

Dr. Anderson: I do think we have a major problem, it's a macroeconomic problem: a shortage of decent jobs out there. That is where the state can play a role. State policy has had an impact on business cycles employment rates and also on things like anti-trusts. One of the reasons that there is a shrinking number of jobs out there is that mergers and acquisitions. There is less and less competition within industries; fewer and fewer corporations dominate each market. When that happens, not only do the total number of decent jobs shrink, but these companies exercise their market power to squeeze the workers and rake in higher profits because the total number of opportunities for decent jobs has gone down. State policy hasn't kept up with minimum wage. The real value of the minimum wage has been declining, and that makes things very tough for workers and also renders them very vulnerable to abuse because the more desperate you are for money to cover your expenses, the more likely you are to put up with all kinds of abuse because you don't have much alternatives. The state is also responsible for the constitution of the workplace as a dictatorship. The state could organize corporate governments in a different way.

Dr. Weber: In your book *Liz*, you argue that the industrial revolution shattered the dream of the free market society which suggested that the free market makes people free. You go on to say that the myth still endures while employees have become less free. Two questions come from that. What about the industrial revolution was problematic or the problem? Why do you think the myth endures?

Dr. Anderson: This now is getting back to my own personal history, thinking out from my original libertarian upbringing. Where did libertarianism go wrong? If you look back at the history of libertarian thought, you read people like Adam Smith and Tom Paine, the great American revolutionary Tom Paine. What you find is that these are thinkers broadly libertarian-bent free market theorists who were deeply sympathetic to the plight of workers. The reason why they thought that free markets would be great was that on their model of how the economy would work, if you really opened up markets and deregulated them, abolished monopolies, which were all state-chartered in those days, and gotten rid of other state regulations, in those days when the state regulated wages it actually put ceilings on wages rather than floors. Tom Paine says, “the workers bargain for their own wages...” he was supposing the fact that the state was supposing a maximum wage. Letting workers be free to bargain for their own wages in the American Revolutionary period would inevitably increase their wages. No wonder he hates state regulation. Adam Smith was exactly the same thought. He thought state regulation was oppressing workers, and so he thought “get rid of the regulations and workers will be much better off.” In particular, what Smith and Paine believed was that if you free up markets and abolish monopoly, opportunities for workers to become self-employed, to set up businesses of their own, would dramatically increase. Ultimately, Smith argued, leading to an economy in which virtually everyone was in business for themselves.

Essentially, the liberating message of the original libertarian thinkers was that workers would be free in a labor market precisely because they would no longer be employees. They would no longer be under the thumb of any boss because they would all own their own enterprise. It wasn't a crazy view in those days. In the United States, during the Revolutionary era, about 90% of all of the free white workers in America were self-employed. They owned their own farm mostly. They were farmers, but you also had shopkeepers, professionals. Of course we are only thinking about a man in those days, and white men in the American context, a young man might be a wage worker or a hired hand for a little while or a journeyman for a little while, but opportunities were so fantastic in those days that after working for a few years and saving up, they had opportunities to save money from the work they were doing. That's how good the economy was. After saving up for a bit, they would have enough money to buy land out west and set themselves up on their own farm or to become a master and have their own workshop, and that was a normal condition. Tom Paine looked at this and said it was a fantastic thing. Adam Smith, writing around the same time, *Wealth of Nations* came out in 1776, the same year that America declared its independence, he was looking to America to and he thought, “This is what a free market looks like. Look at how well-off the workers are because they are reaping 100% of the fruits of their labor, whereas in the employment relationship the employers taking a cut of the fruits of their labor. Smith thought, “Look, incentive effects are really powerful. If a worker gets to keep 100% of the fruits of their labor they are going to be much more diligent workers than if the employer takes a cut.” You could expect therefore, that when workers are in business for themselves they will be much more productive than if they are employed by another person. That is why Adam Smith, his ultimate idea of free labor was self-employed labor. He thought that the key to enabling everyone to be self-employed was to open up free markets.

Free markets in labor, that meant abolishing slavery. Apprenticeship, apprentices in those days weren't paid. They lived in the master's house and lived under his rule. They were subordinate members of the family. They would have to labor without pay for years. Smith thought this was appalling, saying with indentured servitude, where you would sign up and you wouldn't be able to quit for years on end. The wage relationship was really horrible. Get rid of it. If you free them, and you abolish involuntary servitude of all kinds, including slavery, you free up land markets. Back in Smith's day, almost all of the land in England was owned just by a handful of aristocratic families. Inheritance laws were that it was illegal to break up the state of an aristocrat into small plots and sell it off. Obviously, that posed an obstacle to farmers going into business for themselves. We said, "Look, we should have an open land market, break up the monopoly of land that was held by a couple of hundred aloof aristocrats, open up free trade—that meant abolishing the state-chartered trading monopolies.

In those days, the state would single out one rich manufacturer and give them a monopoly on trade in candles or whatever that might have been. That shut out all of the other people who, if they wanted to produce anything, it would have to get channeled through the big trader, and the big trader would call all the shops and lord over all of the little craftspeople and prevent them from running their own business as they saw fit. Smith said, 'this is totally unjust. There's no reason to set up all of these monopolies. We open up to free trade and then everyone will be in business for themselves.' That would increase the worker's wages, because they would now be able to enjoy 100% of the fruits of their labor, and it would also be way more productive. People would work more diligently if they got to keep all of the fruits of their labor, and you'll have greater equality as well, because everyone can go into business for themselves. No one is going to be willing to work for a wage for anyone else for more than just a temporary period, and consequently nobody will be able to own more capital than they can work with their own hands. You can see that the capacity for labor, there is some variation among human beings. You can't really generate very substantial inequality in income if all of the capital you own has to be worked with your own hands. There is only so much that you can plow in a day. Some can plow a little bit more than others, but you can't have gigantic land holding.

Dr. Weber: We're going to come right back after this short break with the question about why the myth endures, that we're hearing about. We have been talking with Dr. Liz Anderson of the University of Michigan, and we are going to come back after a short break—me, Eric Thomas Weber, and my co-host Dr. Anthony Cashio. Thank you everybody for listening to *Philosophy Bakes Bread*.

Dr. Cashio: Welcome back, everyone to *Philosophy Bakes Bread*. This is Dr. Anthony Cashio and Dr. Eric Weber and we are here talking this afternoon with Dr. Elizabeth Anderson, the author of *Private Government: How Employers Rule our Lives and Why We Don't Talk about It*. In this segment, we are going to talk about some of the consequences is where we are free in comparison to the public sector with the government. Getting right to this point, Liz. In this last segment you painted this beautiful libertarian picture of the free market, you drew upon Adam Smith and Thomas Paine, and everyone is free to work their own land and have equality of owning our own labor, we are all self-employed and it is just a wonderful economic paradise. So what happened? (laughter)

Dr. Anderson: I want to point out that libertarianism had a special hold in the United States precisely because access to land that was practically free was very open and easy for free white

men. That is why America had more prosperous workers and vastly higher rates of self-employment than anything ever seen in Europe. The libertarian philosophe actually held for a very long time and we saw it also with Abraham Lincoln, the great leader of the Republican party. If you look at his stump speech, which you can get online, for his first campaign he explicitly argues that the reason to oppose slavery is that if you...remember the chief platform of the republican party before the Civil War was opposition of the opposition of slavery to the territories. Why? Because if you allowed huge slave plantations to open up out west it would soak up all of the opportunities for free white men to go into business for themselves because they take up all the space, these giant plantations. It forced your free white men to have to work for a wage for other people. The quality of manual labor would be degraded because slaves would be doing that work, so it would be humiliating for workers.

Lincoln thought that manual labor was a dignified occupation. Keep slavery out, hopefully even destroy it even in the south, by strangling it with regulation, and then you'll have more opportunities for every individual to be self-employed. He's quite explicit about this. He's carrying forth the Smith/Pain theory of the free market. So what happened? Adam Smith made a critical assumption with his theory about how free markets would liberate everybody by enabling everyone to be self-employed. His assumption was that economies of scale are negligible. His explicit arguments in *The Wealth of Nations* was that joint-stock corporations, what we today call public corporations, almost always fail. In those days they did. They were giant rip-offs. The South Sea bubble and so forth. You couldn't trust executives to manage other peoples' money responsibly. They would just fritter it away on wild speculation or spend it on themselves. They were inefficient. Consequently, he thought incentive effects would swamp the effects of economies of scale, and that's how come a free market would yield a system of universal self-employment. Now he was writing before the industrial revolution. Some people say that the Industrial Revolution was already under way, but it was so early in those days that nobody could have ever anticipated what really happened, which was the rise of the factory system.

It turned out that Smith was wrong. Economies of scale are gigantic. They are really huge. That means that the most efficient size of an enterprise involves such massive concentrations of capital that no single worker would ever be able to invest that kind of money and the scale of that enterprise was so large that it would take many hands to run the operation. That's why we have wage labor today. The optimal scale of productive enterprise involves a concentration of capital that requires many people to work it. That's the most efficient scale. Consequently, that's why we have the employment relation. Smith and Paine couldn't have anticipated it. Lincoln was worried about it but he was hoping that this vast amount of land out west could be given away in the Homestead Act so that workers in America, at least if not in Europe, at least in America, they could avoid having to be wage laborers because there was all this abundant land out west.

Even Lincoln was worried about what happens when all of that land was given away and the frontier closes. He was hoping that farming technology would improve so that you could be more and more productive on a smaller and smaller plot of land. He actually is thinking about this in his stump speech. In reality, what happened was that the Civil War was a major spur to the industrialization of America. You would have all these huge orders for artillery and rifles and uniforms and canned food and so forth. In fact, the Civil War ironically fought against slavery and in the name of this free labor ideal where everyone would be in business for themselves, propelled exactly the opposite conclusion of what Lincoln wanted. Here we are now almost

everybody is a wage laborer, the rates of self-employment have steadily declined historically, and so what free market theorists originally hoped for workers wasn't delivered. The problem is that we have forgotten that the whole premise that free markets would make workers free depended on a background assumption that free markets would enable everyone to be self-employed.

The original libertarian thinkers were vividly aware of the fact that the wage labor relation was not a relation of freedom but a relation of government. If you want to liberate workers, they need to be their own bosses. People have forgotten, Americans have forgotten that the entire libertarian premise of how free markets would liberate us depended on assumption that didn't pan out historically. When we keep talking as if the free market liberates us when in fact it binds us ever more tightly under the authority of employers. Exactly the opposite of what the original libertarian theorists thought was going to happen.

Dr. Cashio: Why do we keep talking about it? It clearly doesn't work that way anymore, yet we still hold the idea that the free market system is the sacred law of the land in America. It's the unspoken, "This is the way it has to be for America to work, for capitalism to function." We still hold onto this original idea that doesn't seem to hold anymore.

Dr. Anderson: There is this constant allure which we still see in the rhetoric of the republican party in particular. The republican party hasn't really changed. Lincoln said self-employment is the ideal, and the republican party still operates on that. It's a very different thing from when Lincoln proposed self-employment as the ideal. He thought that ideal could be universalized. You could free all of the workers and all of the workers can get this. Now, what the Republican party does is mainly serve the people who are their own bosses—the small business people—and doesn't have very much regard for the people that work for the bosses. The meaning of free markets has changed, and it's serving the bosses, but not the people who work for the bosses.

During the late 19th century through the New Deal, there was an alternative discourse made available by the labor market—by labor unions, organized labor. Organized labor was very open about complaining about certain kinds of abuse of workers within the workplace. You had famous strikes at the auto companies where workers protested the restriction of their ability in the auto industry to take bathroom breaks. The right of bathroom breaks and the right to go to the bathroom are actually a key part of concerns of workers in America even to this day. Hundreds of thousands of workers are denied adequate bathroom breaks. Think about that. That's pretty tyrannical. We used to have strikes over that. But what happened was that organized labor has been in decline for decades and consequently, that alternative public discourse, which made people aware of how bosses can be oppressive, and made that a public issue has disappeared because organized labor hardly exists anymore—only for a handful of workers in the private sector. They are also really needed in the public sector.

Unions have been demonized. The media no longer pays attention very much to what workers have to say. It's only the business person's perspective. The bosses are doing great under the free market. They are enjoying their trail of authority. But we have lost the voices that could articulate an alternative. That's why the free market rhetoric has continued even though it doesn't address workers' concerns anymore.

Dr. Weber: Alright Liz, I said in the last segment that we would come back to this concept of dictatorship because an average listener might think that that sounds like an extreme term, that employers are dictators and you have given the interesting example for the bathroom break. You

can just imagine the pressure people felt, literally. When you think about this word 'dictatorship', some people may say, "This is their business. Shouldn't they have some say in how it's run?" Could you flesh out and give more examples of the kinds of things that have been in position from business? What is the scope or scale of kinds of control?

Dr. Anderson: I don't deny that the workplace is properly a government and hence there are legitimate forms of authority relations. I think it goes way beyond anything that can be justified. Millions of workers today are pressured by their bosses to take their bosses' side in political contributions, in attending political events. I don't think that's the bosses' business. Same with the regulation of peoples' choice of sexual partner. Bosses now also have a hand in peoples' healthcare. They can raise premiums on employees who don't participate in exercise programs of smoking cessation. It might be good to exercise and so forth, but should it really be your bosses' business what you do during your leisure time?

Again, a lot of the problem is the scope of the bosses' authority is much wider than it could ever be rationalized according to productive efficiency. Even when they are on the job, it is more efficient to make people stay on the assembly line working without a bathroom break, but it's really humiliating as well as a danger to public health to prevent them from taking adequate bathroom breaks. Workers need to have a say in the conditions under which they work, which are often dangerous and humiliating. They shouldn't have to put up with yelling and screaming, mockery and humiliation. They need a voice in how the workplace is governed, even acknowledging there are legitimate authority relations, but that doesn't mean they should be unaccountable authority where the boss doesn't have to pay attention to the workers' interests while at work.

Dr. Weber: That is a very helpful set of examples and cases we can talk a little bit more about in one final segment of today's episode. Thanks everybody for listening to *Philosophy Bakes Bread*. We have been talking with Elizabeth Anderson. I am Dr. Eric Weber and my co-host is Dr. Anthony Cashio. We'll be back after a short break with segment four, the final segment of today's episode.

Dr. Cashio: Welcome back everyone. It is your privilege today to be listening to *Philosophy Bakes Bread*. This is Dr. Anthony Cashio and Dr. Eric Weber and it is our privilege today to be speaking with Dr. Elizabeth Anderson. We have just had these great conversations about work and work ethics and wage relationships. We're going to end up in this last section with some final big-picture questions, some lighthearted thoughts, and maybe some pressing philosophical questions for our listeners. There's so much to talk about we've barely been able to touch on anything. Liz I have a question. Let's imagine that you run a restaurant or business of some kind. People have started complaining and boycotting your restaurant because your employee is saying racist things on social media. This happens every couple of months this comes up. Shouldn't an employer have the right to terminate an employee who exhibits values contrary to the company's values?

Dr. Anderson: I think in very restricted circumstances that can be legitimate. If the worker is a spokesperson for the company then there is the presumption there that what the worker does and says reflects on the company, and of course if the worker is spewing out racist abuse to customers or coworkers they could be fired for that since they are basic principles of respect and decency, and they are functionaries for the corporation while they are at work. But for the most

part I think workers should be free to express their political opinions when off-duty when they are not spokespeople or executives who are held to be speaking for the company. Yeah, that means that many people will express offensive views of Facebook and so forth, but we live in a highly polarized country. If you can fire a worker for being racist, you can fire a worker for supporting Hillary Clinton on Facebook. I think you just have to accept that workers should have to be free to express their opinions off-duty and it's only in a narrow range of circumstances where the corporation can take action. Usually it would have to do with the higher executives. If they say something they are held to be speaking, there is a presumption that for instance, if they are racist off-duty that they are racist on duty. That makes the corporation look bad and renders them vulnerable to race discrimination suits and so forth. Except in those cases, we have to tolerate nasty things that people say or offensive things that people say and not ask managers to fire people because they don't like what they are saying off-duty.

Dr. Weber: Interesting. I can think of some instances when there were public school teachers and some administrators and they ended up being fired. It's a little different when it's the public sector, perhaps, but I can also imagine in a private school. Imagine a private academy and there is a teacher. It would be hard to imagine that teacher being fair to all students if he or she can't speak in a way that respects equality of all people in the public sphere.

Dr. Anderson: There are many people who are capable of separating their professional norms of conduct from how they behave off-duty so I am reluctant to go there. I think in the case against a teacher at a public or private school, you should look at how you are treating students in the classroom. They could have all kinds of offensive views. A friend of mine Deb Satt, she is a philosopher at Stanford University, was telling me that she had a logic professor at NYU who was a notorious sexist and has written philosophical articles arguing that women are intellectually inferior in quantitative reasoning. Here she is taking this logic course from him, and he told her up that he thought that women don't do well in logic, they don't have logical minds and so forth. She totally aced the course and she gave him credit for being a completely impartial grader and he gave her credit for being in his mind an exemplary woman, more logical than most. People are capable of obeying professional norms in professional contexts. What they say in other contexts, I don't think should necessarily be held against them as long as they are doing their duty at work.

Dr. Weber: One other big question I have before moving on to our mini-segments at the end of the show is about the title of your book. *Private Government: How Employers Rule Our Lives and Why We Don't Talk About It*. This notion that we don't talk about it, it may be that in the big picture and in most issues we don't, but isn't it fair to say that there are some cases and issues like the big Hobby Lobby case, where the owners of Hobby Lobby didn't want to be paying for and participating in insurance policies for their employees to which they objected. There has been a lot of talk about the Hobby Lobby case, and the conflict when it comes to health insurance. Would you say that we talk about this as narrow and particular when there is so much more to talk about? Or would you say that even that isn't being addressed efficiently in the public?

Dr. Anderson: The Hobby Lobby case is an excellent illustration of how we have avoided talking about the illegitimate authority that bosses have over their workers because in fact if you look at the framing of that issue, it was framed as a women's issue. Women need access to birth control. It wasn't really framed as an employee rights issue. Nobody was actually questioning

why should the employer have any say whatsoever over what treatments are being covered by their employees' health insurance. I find that quite remarkable, that people weren't framing this as a worker's rights issue—that workers need autonomy from bosses meddling with their reproductive freedom.

Dr. Weber: I think an owner would say something like, "Insurance comes through the employer and we're paying so much money. I don't want to pay for something that I object to." That's the standard.

Dr. Anderson: The answer to that is that the state has set up a tax regime in order to promote access to health insurance on the part of workers, and employers are useful in that system only because they can engage in bulk purchasing which gets them a discount because now you can create a risk pool of reasonable size which will bring down premiums. Employers in this case are functioning in effect as something like agents of the state promoting a public health objective, and if they don't want to function in that way, they have the option of not providing health insurance. Under the Affordable Care Act, they would have to pay some taxes to enable workers to go on the private market to get health insurance.

The point is that the reason they don't want to do that is because by offering group health insurance to their employees, that makes it very attractive for workers to want to work there so they get access to a better labor pool, and that itself is a government-provided advantage. The government has a proper say here in saying, "Look, your agency is not really implicated. It's the workers who are choosing for themselves what healthcare they want and it's not on you at all. You're just kind of a conduit through which workers can get access to the health care that they want. But it's not under the scope of the employers' authority to call the shots on worker's healthcare choices.

Dr. Cashio: Alright Liz. Thank you for sharing your thoughts with us. We have one final question we ask all of our guests. We take it from the inspiration for this show. Would you say that philosophy bakes no bread, as the famous saying goes, or that it does? I think we can kind of guess your answer, but maybe why and how? Explain.

Dr. Anderson: In response, I want to give a quote from the great economist John Maynard Keynes. He said, "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than as commonly understood. Indeed, the world is ruled by little else." I think Keynes is basically right here. Philosophical ideals have enormous impact. It's just that philosophers tend to think for the very long term. Think about it. Democratic theory is about 350 years old. How long did it take democracy to arise? You see people agitating for democracy in the English Civil War in the 1640's. We're still working on it. It's an ongoing project in which philosophers have been very deeply engaged.

Philosophers tend to think over the course of centuries, even millennia. Then, we get so used to certain ideas we don't recognize that those ideas have been powerfully shaped by political philosophers, among others. In fact, they are very powerful and influential. The fact that we have democracy is an incredible achievement and it took a lot of thought as well as action on the ground to achieve a democratic order. Similarly, for any big questions of value that govern our lives, you have philosophers there that are contributing to our understanding of what those values are, what difference they make refining our understanding of what their implications are and so forth. Ultimately that affects our own self-understandings, the thoughts we have when we conduct ourselves in the world. Often they are so take for granted we are not

fully aware of what they are. They definitely have an interest, they make a difference in our ability to solve the problems in our lives when we govern ourselves by certain ideas rather than others. It has a huge practical impact that influences the shape of our institutions and the strategies we use in solving the problems that we face.

Dr. Cashio: Awesome. I like that answer.

Dr. Weber: Terrific. That's a great answer. As you know, Liz, we on this show want to make sure people see the serious side of philosophy as well as the lighter side. We have a bit that we run on every last segment of the show which we call 'philosophunnies'.

Dr. Weber: Say 'philosophunnies'

Sam: Philosophunnies!

(laughter)

Dr. Weber: Say 'philosophunnies'

Sam: Philosophunnies!

(child's laughter)

Dr. Weber: So Liz, we would love to hear if you have got a favorite joke or a funniest fact or a story about philosophy and economics or employment or what have you. Have you got a funny story or a joke to tell us?

Dr. Anderson: I do. I want to tell a story about my dissertation advisor, John Rawls. He was a professor at Harvard for many decades, and unquestionably the most influential political philosopher of the second half of the twentieth century. As you know, if you look through the history of philosophers reflecting on the good life, not a single one ever endorsed the view that making a lot of money was the key to the good life or even an important component. That's universally rejected view right from the beginning of philosophy, including Adam Smith, by the way. Adam Smith reviled greed, and he thought that people who were obsessed with making piles of money were fools. He says this explicitly in *The Theory of Moral Sentiments*. Rawls of course, participating in this philosophical tradition, and I want to tell you a story.

When I was a graduate student for him I taught for his famous political philosophy course. Rawls had a tradition of taking each of his teaching assistants out to lunch at the Harvard faculty club, which is a very famous and snooty institution, and he would pay for their lunch. I got my turn and I go to him at lunch at the Harvard faculty club and I am given the menu and there are some very expensive items on the menu and he says, "Liz don't worry, just worry whatever you would like." There I am, a starving graduate student, pretty hungry. I order first, I didn't order the most expensive thing on the menu, but I was going to enjoy myself. Then the time comes for him to make his order and he asks the waiter, "Just give me some hot water and two slices of plain white bread." Here I am, completely humiliated. Anyway. The service comes and I get this very nice meal and the waiter brings out a little container of hot water and two plain slices of white bread and Rawls reaches into his elbow-patched tweed jacket and pulls out a Lipton's tea bag—it wasn't even good tea—and he dips it into the hot water. Then he pulls

out a slice of plastic-wrapped American cheese, puts it between two bread slices, and there was his sandwich. Then he looks at me in all seriousness and he says, “Liz, tea is my only vice.” (laughter). Now you understand why, in Rawls’s greatest work of political philosophy, *A Theory of Justice*, he argued for a theory of distributive justice in which everyone would have equal income. Very few inequalities would be permitted in his system because in his view getting more money doesn’t really make a difference to your happiness.

Dr. Cashio: He just needs some tea and some bread and you’re good to go. (laughter).

Dr. Weber: That’s terrific. Before each episode Anthony and I gather a couple little jokes. Sometimes we’re pretty good about staying on the theme of the episode, sometimes less so. Today was pretty easy because we’re talking about employers and employees and bosses. It turns out there are a lot of jokes about bosses. Anthony, do you want to tell the first one?

Dr. Cashio: A boss is like a diaper: always on your ass and usually full of *bleep*. (laughter)

Dr. Weber: How is Christmas like your job? You do all the work and the fat guy in the suit gets all the credit. (laughter)

Dr. Cashio: Workplaces are like skeptic... Well. Skeptic tanks are a lot more interesting than septic tanks. (laughter). Workplaces are like septic tanks. All of the biggest lumps usually rise to the top.

Dr. Weber: I always tell new hires, “Don’t think of me as your boss. Think of me as a friend who can fire you.” (laughter, rimshot, applause)

Dr. Cashio: Last but not least, we want to take advantage of the fact that we have powerful social media that allow two-way communications even for programs like radio shows. We want to invite our listeners to send their thoughts about big questions that we raise on the show. We have raised a lot of them today, I think.

Dr. Weber: Given that, Liz, we would love to hear your thoughts about what question we should ask our listeners for our segment called, “You Tell Me!” Have you got a question you propose we ask our listeners?

Dr. Anderson: I would like listeners to reflect on how, if they are a wage worker, how would they like a governance of the workplace to be reformed? What would they like to see? Would they like to be able to have a say in the orders that are given to them? Maybe some constitutional rights within the constitution of the workplace? I would like to hear their ideas.

Dr. Weber: Terrific. Good question.

Dr. Cashio: Thank you everyone for listening to *Philosophy Bakes Bread*, food for thought about life and leadership. Your hosts, Dr. Anthony Cashio and Dr. Eric Weber are so grateful to have been joined today by Dr. Elizabeth Anderson. We hope you listeners will join us again.

Consider sending us your thoughts about what you heard today or what you would like to hear about in the future, or about the specific question that we’ve raised for you. I like Liz’s question: how would you like to see a restructuring of the governance of your workplace?

Dr. Weber: What changes would you like to see? Once again, you can reach us in a number of ways. We’re on twitter @PhilosophyBB, which stands for Philosophy Bakes Bread. We’re also on

Facebook at Philosophy Bakes Bread, and check out SOPHIA's Facebook page while you're there, at Philosophers in America.

Dr. Cashio: You can of course, email us at philosophybakesbread@gmail.com, and you can also call us and leave a short, recorded message with a question or a comment that we may be able to play on the show, at 859-257-1849. That's 859-257-1849. If you are listening to this on iTunes or another media source, feel free to hop on there and give us a good positive review. It helps us out a lot if you are enjoying what you are listening to today. Join us again next time on *Philosophy Bakes Bread*: food for thought about life and leadership.

[Outro music]