



Just Work for All

The American Dream in the 21st Century

Joshua Preiss

“Preiss argues convincingly for putting the principle of ‘just work’ at the forefront of our policy debates. The increasing disconnect between America’s public narrative about the kind of society we are – our guiding moral and political philosophy – and the winner-take-all reality, he shows, makes this an urgent priority. This is an excellent book that weaves philosophy, economics, and politics together masterfully.”

– **Dani Rodrik**, Ford Foundation Professor of International Political Economy, Kennedy School of Government, Harvard University; author of *The Globalization Paradox*; *Economics Rules*; and *Straight Talk on Trade*

“The American Dream of broad-based prosperity is undercut by a winner-takes-all (WTA) economy where rent replaces reward and concentration trumps opportunity. Joshua Preiss shows us how focusing on access to the game is insufficient when the rewards for playing it are so skewed. Instead, we must focus on making work ‘just’ – which means being brave enough to tackle the causes of structural inequality and making the work of many pay enough to sustain a middle-class life in a WTA world.”

– **Mark Blyth**, The William R. Rhodes ’57 Professor of International Economics, Watson Institute for International and Public Affairs, Brown University; author of *Austerity: The History of a Dangerous Idea* and (with Eric Longeran) *Angrynomics*

“For those of you hungering to break free of the narrow disciplinary debates over the past and future of American inequality, this book fits the bill like no other. It mixes essential ingredients from philosophy, economics, politics, history, and sociology, and it seamlessly weaves together an analysis of multiple dimensions of inequality. The book is clear and accessible, and, most importantly, offers an innovative, and, in my view, accurate and insightful understanding of how we arrived at this unfortunate juncture in history, and how, realistically, to escape it.”

– **Leslie McCall**, Presidential Professor of Sociology and Political Science, Associate Director of Stone Center on Socio-Economic Inequality, CUNY Graduate Center; author of *The Undeserving Rich*; *Inequality, Opportunity, and Risk*; and *Inequality: Gender, Class, and Race in the New Economy*

“This book presents a clear vision of what it takes to revive the American Dream in the time of a pandemic, highlighting the fissures that tear at the social fabric today. Preiss’s insightful analysis shows why regular and dedicated work no longer guarantee access to a decent life, and lays out a path for reform. *Just Work for All* is not a utopia, but offers a feasible alternative given real people’s convictions and motivations. A necessary and important read not only in the American context, but for any advocate of social justice today.”

– **Peter Dietsch**, Professor, Department of Philosophy, Université de Montréal; author of *Catching Capital*

“This book offers a deeply thoughtful analysis of one of the most significant societal challenges of the 21st century – how to lean against the forces of the winner-takes-all economy and ensure that our gains in prosperity are shared more widely across society. Josh Preiss offers specific and actionable proposals to create a more just, equal, and inclusive post-Covid world.”

– **Anton Korinek**, Associate Professor, Department of Economics and Darden School of Business, University of Virginia

“An exemplary public philosopher, Joshua Preiss dares to imagine a more just future amidst pandemic and economic collapse. At the core of his vision is just work centered on human dignity and responsibility. Fluently combining careful normative theory, economic history, the latest political philosophy, the history of ideas, and civic religion, he shows that an economy that delivers just work and a humane society is within reach. This is an invitation to renew the American Dream.”

– **Eric Schliesser**, Professor, Department of Political Science, University of Amsterdam; author of *Adam Smith: Systematic Philosopher and Public Thinker*

“In this time of the Covid pandemic, this book, which puts the question about work center stage, couldn’t be timelier.”

– **Lisa Herzog**, Associate Professor, Department of Philosophy and Center for Philosophy, Politics, and Economics, University of Groningen; author of *Inventing the Market* and *Reclaiming the System*

JUST WORK FOR ALL

This is a book about the American Dream: how to understand this central principle of American public philosophy, the ways in which it is threatened by a number of winner-take-all economic trends, and how to make it a reality for workers and their families in the 21st century. Integrating political philosophy and the history of political thought with recent work in economics, political science, and sociology, this book calls for renewed political and policy commitment to “just work.”

Such a commitment is essential to combat the negative moral externalities of an economy where the fruits of growth are increasingly claimed by a relatively small portion of the population: slower growth, rising inequality, declining absolute mobility, dying communities, the erosion of social solidarity, lack of faith in political leaders and institutions, exploding debt, ethnic and nationalist backlash, widespread hopelessness, and the rapid rise in what economists Angus Deaton and Anne Case call deaths of despair.

Covid-19 threatens to pour gasoline on these winner-take-all fires, further concentrating economic and political power in the hands of those best suited to withstand (and even profit from) the pandemic-driven economic crisis. In this book, the author provides a model for understanding the American Dream and making it a reality in a post-Covid-19 economy.

A tour de force, this book is essential reading for scholars and researchers of political philosophy, political economy, political theory, and economics, as well as for the layperson trying to make sense of the post-pandemic world.

Joshua Preiss is Professor of Philosophy and Director of Philosophy, Politics, and Economics at Minnesota State University, Mankato.



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The American Dream in
the 21st Century

Joshua Preiss

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ACKNOWLEDGMENTS

This is a book about the American Dream: how to understand this central principle of American public philosophy, the ways in which it is threatened by a number of winner-take-all economic trends, and how to make it a reality for workers and their families in the 21st century. It is a deeply personal work for several reasons. When writing this book I have often thought of my late parents. Neither parent completed a year of college. In fact, my mom dropped out of high school at 16 to get married and have my older brother. Health permitting, my parents were two of the harder-working people I know, and could be counted on not only by employers but also by family, friends, and neighbors to labor into the night to make sure whatever job most needed to get done got done. Nonetheless, while my dad achieved economic success at times in his life – first by selling insurance for the American Automobile Association and later by listing and selling used mobile homes – both spent much of their lives living with significant economic insecurity and without health insurance. In my mom's case, she spent the majority of her life living on income that placed her below the poverty line. When writing this book, I have tried to both write on issues that they would find compelling and to make my case in ways that would resonate with their lived experience. Although both of my parents had their regrets, when they looked back on their lives they saw a great deal to be proud of. The belief in the possibility of a better life for one's children is a powerful motivator and (for many) the ultimate achievement of that goal a constituent element of their well-being and sense of self. This book would not exist without their experience, the immense value that they placed on the education they did not attain, and their steadfast belief in me and my ability to achieve my own dreams.

It is also personal in the sense that it doesn't fit neatly within the disciplinary boundaries of the modern academy. In truth, my work rarely does. As any economist will tell you, people respond to incentives. At present, those incentives push scholars to produce narrow work for a highly specialized audience. To paraphrase my friend and early career mentor Michael James, the thing about interdisciplinary

work is that you greatly expand the scope of critics who can take you to task for failing to do justice to their own square foot of the academic landscape. In writing this work I completely failed to heed his warnings.

My wife – who designed a graduate program on writing instruction for in-service teachers – confirms that it is writing 101 to “know your audience.” When writing this book I didn’t so much *know* my audience as tried to will it into existence. I wrote with the conviction that there was a large audience of scholars and students eager to engage with work that integrates insights from across disciplinary divisions to make concrete claims about justice in the American context. This work is also personal in that I wrote with the determination to produce a book that my fellow Americans can utilize to assess existing institutions, propose changes in policy, and hold each other and their leaders accountable to the values that they purport to hold dear. Despite drawing heavily on literature from across academic disciplines, a central goal was to produce a work that was accessible to readers who are experts in none of them. As the reader, of course, you will be the ultimate judge of whether or not I achieve this goal.

With these audiences in mind, I am indebted to a number of scholars from the disciplines of philosophy, economics, political science, and sociology who were willing to preview and endorse this work prior to publication. My thanks to Mark Blyth, Peter Dietsch, Lisa Herzog, Anton Korinek, Leslie McCall, Dani Rodrik, and Eric Schliesser. Perhaps the greatest joy in this profession is to receive feedback and affirmation from those whose work you greatly admire. In addition, I am grateful to Eric for organizing a one-day “author meets critics” workshop of an early version of the manuscript at the Amsterdam Center for Political Thought, and for thoughtful comments by Lisa Herzog, Rutger Claasen, Enzo Rossi, Jens Van ’t Klooster, and other participants at this workshop.

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Joshua Preiss

Mankato, Minnesota, USA

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INTRODUCTION

The American worker in (and) crisis

We cannot create machines which revolutionize industry unless we simultaneously create ideas commensurate with social and economic reorganization, which harness the power of such machines for the benefit of man. . . . The new age will not be an era of hope but fear and emptiness unless we master this problem.

– Martin Luther King Jr. 2000

Most discussion about the social and economic problems which will arise in an automated world run in terms of the rise of real output and real income per head of the population. What, we ask, shall we do with our leisure when we need to work only an hour or two a day to obtain the total output of real goods and services needed to satisfy our wants? But the problem is really much more difficult than that. The question which we should ask is: What shall we all do when output per man-hour of work is extremely high but practically the whole of the output goes to a few property owners, while the mass of the workers are relatively (or even absolutely) worse off than before?

– James Meade 1964

We must be careful not to count the exorbitant costs of American healthcare as if they were a cash *benefit* to working people. If the healthcare industry, by lobbying or mergers or lack of competition, raises prices, depriving some people of health insurance and holding down wages for those who are covered by their employers, this is a transfer of income from workers to the industry, and it would be outrageous to count it as making people better off.

– Anne Case and Angus Deaton 2020

I. From decline to depression

On January 11 the Chinese state media reported the first known death from a novel coronavirus that came to be known as Covid-19. In the months that

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followed, hundreds of thousands of people died of the disease worldwide. In order to slow the spread of the virus and prevent their health care infrastructure from being overrun, leaders implemented “social distancing” and “lockdown” measures. Individuals also altered their patterns of living in order to mitigate risk to themselves and their families. It is beyond the scope of this work to assess the merits of different collective or individual attempts to “flatten the curve,” and the moral trade-offs involved in these efforts. In addition to the tragic loss of life, the pandemic shook the foundations of our way of life. Travel ground to a halt. Restaurants, bars, salons, shops, theaters, and stadiums closed. So did many factories, breweries, and food-processing plants. Not surprisingly, the result of shutting down large segments of the economy was economic contraction and job loss. In April, the Dow Jones Industrial Average suffered its worst day and week in recorded history.¹ In a ten-week period from the middle of March to the end of May 2020, more than 40 million Americans filed for unemployment. By the end of May, the jobless rate neared 20%, with nearly half of all households experiencing a job loss in just a few months. On June 8, the World Bank estimated that world economy would shrink 5.2% in 2020 (6.1% for the United States) with all regions suffering declines in per capita income (World Bank 2020). On June 24 the International Monetary Fund, in turn, predicted a decline in global GDP of 4.9%, with an 8% decline for the US (IMF 2020). At the end of July the US Department of Commerce reported that GDP shrank 9.5% in the second quarter, the largest decline in the history of the measure. On an annualized basis, such a decline entails an astounding 39.2% *contraction* in one year. For the 19th straight week, more than one million Americans filed new unemployment claims. Few if any Americans alive today have experienced such a severe and sharp economic decline. These “economic” costs represent the dreams and aspirations of tens of millions of Americans, many of whom were left wondering how they would even support themselves and their families.

When thinking about how to move forward, to make these dreams – to make the American Dream – a reality, we must recognize that even before the pandemic, not all was right with the American economy. To be sure, Americans had experienced a record 10 years of steady economic expansion since the Great Financial Crisis (including nearly the whole of the Obama presidency and the first two-plus years of the Trump presidency that followed), with a consistent decline in official measures of unemployment. The Dow Jones Industrial Average continued to climb to record heights. Despite this expansion, however, lower- and middle-income workers only very recently saw positive gains in wages (relative to inflation).² Time and time again, wage growth fell well short of expectations based on both analytical and historical modeling (Nunn and Shambaugh 2018). The great expansion did little to alter a defining feature of the economy for the previous three decades: a rising gap between productivity and economic growth and the wages of ordinary workers. Unlike the midcentury America of rapid and widely shared economic growth, the fruits of growth continued to be concentrated among those at the top, the winners of our increasingly winner-take-all society.

In the process, Americans experienced several decades of decline in what I call *just work*. Just work concerns the dignity of work and those who perform it, including the widely held conviction that individuals should be able to exchange hard work for at least a middle-class quality of life for themselves and their families. By contrast with “middle income,” a statistical measure for incomes around the median in the status quo, *middle class* is a context-relative normative standard of quality of life that includes one’s share of the benefits of economic growth, including wages, job security and stability, and access to “basic” services such as health care and education. Though Americans are tolerant of economic inequality in principle, they consistently raise concerns about actual levels of inequality, particularly during sustained periods of inequitable growth or decline. Even before the pandemic, citizens on the Right and the Left worried that, despite continued growth in the economy as a whole, it was becoming much too hard to achieve the American Dream.³

While at this writing the pandemic is still in its first stages, the early returns suggest that both during and after the pandemic, it will be even harder. In addition to the staggering loss of life of hundreds of thousands of Americans and widespread unemployment, Covid-19 functions to exacerbate a number of disturbing trends in American political economy. A 6% contraction does not mean that all Americans can expect a 6% cut in pay. The near and long-term impact of the pandemic will vary substantially from one individual or family to another, and from one business to another. Initial data suggest that those without a college degree are more than twice as likely to be unemployed as a result of the pandemic. While 52% of those with college education are able to work from home, only 12% with just a high school degree are able to do so (Seale 2020).⁴ Black Americans have been more likely to die and to lose their job during the pandemic than white Americans (Strings 2020, Ray 2020, APM 2020). Unlike “typical” recessions, which tend to affect men’s employment more severely, the virus combined with social distancing and the shutdown of schools and child care facilities has led to a larger impact on women (Alon *et al.* 2020, Chambers 2020, ILO 2020). Millennial workers (born between 1981 and 1996), whose wages never recovered from the Great Recession, are also being hit hard. Despite being both more educated and more willing to “live within their means” than earlier generations, WTA trends, the Great Recession, and Covid-19 have combined to leave them much more vulnerable than their parents and grandparents were at the same age. There is significant danger that they will be another “lost generation” (Van Dam 2020, Kent 2020). In short, the impact of Covid-19 has been most acutely felt by populations that were already most vulnerable (Cowan 2020).

Building on and defending evidence from the Survey of Business Uncertainty (SBU), economists Jose Maria Barrero, Nick Bloom, and Steven Davis argue that “much of the near-term reallocative impact will also persist” with 42% of pandemic-induced layoffs resulting in permanent job loss (Barrero *et al.* 2020, p. 3). Covid-19 triggers what economists call a giant “reallocation shock,” shifting demand, capital, and employment from industries poorly suited to the pandemic economy to others that can survive and even flourish. For example, many people

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formerly employed by airlines, in retail, and in hospitality seek jobs as pizza delivery drivers, in shipping, and in large pharmacy chains such as Walgreens and CVS. Perhaps surprisingly, the intra-industry impact is likely to be even more dramatic. In a wide range of industries, larger, deep-pocketed incumbents are snatching up talent from smaller firms, consolidating and expanding their hold on the market (Cutter and Thomas 2020, Barrero *et al.* 2020). In health care, hospitals, clinics, and physicians' practices lost a large portion of their income in the first few months of the pandemic, and postponed nonessential care to avoid risk of spreading the infection. The worry is that many providers in financial distress will either close permanently or be bought up by larger hospital networks, insurance companies, or private equity firms, making health care "markets" even less competitive (Reinhardt 2019, Case and Deaton 2020). While small, independently owned stores close left and right (Fairlie 2020, Bohn *et al.* 2020), retail juggernauts Walmart and Amazon continue to expand their workforce to meet exploding demand. Even during the worst quarterly decline in GDP ever measured, tech giants Apple, Amazon, and Facebook actually saw sizeable *increases* in profits, while Alphabet (the parent company of Google) saw a surprisingly modest 2% decline, reporting \$8.65 billion in profits for the quarter (Wakabayashi *et al.* 2020). In the process, these exemplars of our winner-take-all economy continued to expand their economic dominance. In these ways, rather than fundamentally altering the economy, Covid-19 promises a great deal more of the same: the decline of just work and the concentration of power and profit among the comparatively few winners in the economy.

II. *The Jetsons* and James Meade

The past half-century did not go the way most American workers imagined that it would. Consider two alternative midcentury visions of the future: one by Nobel Prize-winning economist James Meade, the other by Emmy Award-winning animators William Hanna and Joseph Barbera.⁵ If you are an American over the age of 30, you are probably familiar with the cartoon *The Jetsons*. The show's original, prime-time run was brief, with only 24 episodes, from 1962 to 1963. Nonetheless, it remained a Saturday morning staple for several decades afterward, a long run that included 51 new or "previously unaired" episodes produced for syndication in the 1980s. This run included multiple made-for-TV movies, including the epic *The Jetsons Meet the Flintstones*. For those who weren't raised on the Saturday morning cartoons of the 1960s, 1970s, and 1980s, the show was a situation comedy following the daily trials and tribulations of Jetson family patriarch George Jetson, his wife, Jane, and their kids Judy and Elroy, living "one hundred years in the future." While the show's themes follow the tried-and-true model of the 20th-century family comedy, its "space age" setting made for two iconic twists. First, the daily life of the Jetsons featured countless futuristic gadgets, including flying cars, a "foodarackacycle" (a machine that prepares and serves full meals at the touch of a button), flat screens that functioned both as televisions and as

communication devices, cameras that you could swallow to aid in medical diagnostics, and robot maids.

Second, George and Jane do remarkably little work. George's highly automated firm enables him to produce countless "Spacely Sprockets" at the push of a button, while robot maid Rosie handles most of Jane's household duties in the family's exceedingly gendered division of (un)labor. Despite this fact, George and Jane regularly complain of the work they do perform, with George's boss, Cosmo Spacely, a regular source of the conflict that drives individual episodes. The episode "GI Jetson," for example, opens with a long dream sequence where George arrives in "Space Hades" to find Mr. Spacely, replete with comic horns, tail, and pitchfork, there to make his life hell. Eventually Jane and the kids succeed in waking him up from this nightmare, his third in the week with his boss, followed by this exchange.

GEORGE: Mr. Spacely was chasing me with a pitchfork!

JANE: It's probably because he's been working you too hard.

GEORGE: I know. I know. Yesterday I worked TWO full hours.

JANE: What does Spacely think he's running, a sweatshop?

Upon which the fake audience (laugh track) explodes with laughter.

My guess is that the real-life, at-home audience laughed heartily as well, raising an interesting question: why does this joke – the signature form of humor for at least the first two seasons of the series – work so well? The answer, I believe, is that it works both because viewers see a life of relative leisure as the plausible future of an automated world and because, from the perspective of the present, the complaints of George and Jane appear both commonplace and comically ridiculous. Let's focus on the first clause (the second seems self-explanatory). Why would the Jetsons seem like even a remotely plausible future to its audience in the early 1960s? The answer, I believe, is because it fit well with their experience of the present, a world characterized by two structural features of the American economy. First, the proliferation of life-changing and labor-saving innovations. *The Jetsons* first appeared toward the end of what economic historian Robert Gordon calls the "Special Century," the period 1870–1970, during which

[d]aily life had changed beyond recognition. Manual outdoor jobs were replaced by work in air-conditioned environments, housework was increasingly performed by electric appliances, darkness was replaced by light, and isolation was replaced not just by travel, but also by color television images bringing the world into the living room.

(Gordon 2016, p. 1)

In that context, the ongoing proliferation of such innovation began to seem natural and inevitable even as Gordon, with the benefit of 50 years' hindsight, identifies the period as unique in human history.

Second, like most wealthy, democratic countries, the US experienced significant income and wealth compression between World War I and World War II, a period of economic equalization that continued for another two decades in the US. This compression precipitated several decades of rapid, equitable growth. As productivity grew at historic rates, the wages of both low-income and low-skilled workers and highly skilled, high-income workers grew along with it (Atkinson 2015, Goldin and Margo 1992, Stone *et al.* 2020, Piketty and Saez 2003, 2006, Saez 2015). For those born in the 1940s, the rate of absolute mobility – the likelihood that a person will be wealthier than their parents – peaked at more than 90% (Chetty *et al.* 2017). As a result, we saw the development of a substantial property-owning middle class. Workers across the income spectrum converted these productivity gains into property ownership, savings, and leisure and family time (Gordon 2016, Piketty 2013, Friedman 2005, Wolff 2017). The economy, in the words of Nobel Prize-winning economist Simon Kuznets, had evolved naturally into a “mature capitalism” of broad-based gains from economic growth (Kuznets 1955), making concerns for economic inequality, ever present during earlier stages of capitalism, increasingly archaic. The average full-time workweek, in turn, reduced from 69 hours in the middle of the 19th century to 47 hours in 1830 to 39 hours in 1965 (Friedman 2015). The world of *The Jetsons*, in this way, represents the continuation of what seemed like the natural (perhaps even inevitable) progression of free market societies. In this world even George Jetson, an ordinary working-class stiff who struggles to afford a three-bedroom “slum” in the Skypad Apartments and a “compact saucer” to take back and forth to work, will experience dramatic gains from technological innovation over the course of his lifetime. Both he and Jane will reasonably expect an even better life for Judy and Elroy, provided they are also willing to put in their two hours a day.

Not everyone foresaw a future of equitable growth that enabled working families to translate growing productivity into greater wealth, security, and leisure time. Others worried that technological change would instead function to dislodge the political and economic balance of power that made such gains possible. Chief among them was James Meade. One of the first to complete the Politics, Philosophy, and Economics degree at Oxford, Meade later went on to be a leading economist in Clement Attlee’s Labour Government and to win the Nobel Prize for his contributions to the theory of international trade and international capital movements. Writing during *The Jetsons*’ initial run, Meade argues:

Most discussions about the social and economic problems which will arise in an automated world run in terms of the rise of real output and real income per head of the population. What, we ask, shall we do with our leisure when we need to work only an hour or two a day to obtain the total output of real goods and services needed to satisfy our wants? But the problem is really much more difficult than that. The question which we should ask is: What shall we all do when output per man-hour of work is extremely high but

practically the whole of the output goes to a few property owners, while the mass of the workers are relatively (or even absolutely) worse off than before?
(Meade 1964, p. 26)

Meade feared that future technological change would in fact drive up the returns to capital, rather than the wages of workers. Instead of a “mature capitalism” of equitable growth, economic and technological innovation would (absent substantial reforms) instead move us closer and closer to what he calls a “Brave New Capitalists’ Paradise,” a society with growing inequality and precarity, dominated by a relatively small number of exceedingly wealthy property owners. In such a society, more and more work would be dedicated to providing the goods and services most in demand by the superrich, with formerly middle-class workers, displaced by automation, forced to move into a bulging, low-marginal-productivity service class (Meade 1964).

As I discuss at length in Chapter 1, Meade’s vision (with notable twists) has so far proved to be far more accurate. Beginning in the 1970s, economic growth in the United States slowed and income inequality increased dramatically. Slower growth contributes to rising income and wealth inequality, as the return on capital increasingly exceeds growth throughout the economy, and the ownership of capital is very highly concentrated (Piketty and Saez 2003, 2006, Saez 2015, Piketty 2013, Piketty *et al.* 2017, Gordon 2016). In part, the widely cited growing gap between American productivity and the wages of the median worker reflects this rising capital share. To a greater extent, however, it reflects inequalities in the labor market itself. In part to address principal-agent concerns,⁶ owners of physical or digital capital share their returns with a select number of highly skilled and well-connected owners of human capital (Tyson and Spence 2017, Brynjolfsson and McAfee 2014). Technological change, including advances in shipping and communication as part of a rise in mass markets, produces a highly polarized labor market, with high demand for some workers and a large class of lower-skilled workers more or less frozen out of the income gains from economic growth (Autor 2014a, 2014b, 2015, Goldin and Katz 2010, Autor *et al.* 2006, Bivens and Mishel 2015, Mishel and Davis 2015). We have moved toward a winner-take-all (WTA) society comprised of markets where marginal differences in talent, networks, and luck generate massive inequalities in income and wealth (Frank and Cook 1996, Frank 2016, Korinek and Ng 2018).

These trends function to essentially reverse the equalizing trends of the mid-20th century, as income inequality and concentration in the top 1% returned to 1920s levels (Piketty and Saez 2003, 2006). With falling tax rates at the top, after-tax inequality increased even more rapidly, as the percentage gains for the top 1% were *six times* higher than that for the middle 60% (Stone *et al.* 2020). The economy continued to be more productive, but gains in this productivity were highly concentrated among those at the top of the income and wealth distribution. The rate of absolute mobility had fallen from 90% for those born in the 1940s to 50% for those born in the 1990s, with signs pointing to further decline for later cohorts

(Chetty *et al.* 2017). Whereas hard work used to virtually guarantee a better life, now the ability to achieve a better life amounted to a coin flip. As a result, rather than translating productivity growth into greater wealth, security, and leisure time, American families have been working at multiple jobs to try to keep up. We often live just a few lost paychecks from economic disaster (Williams and Boushey 2010, Gordon 2016).

III. The case for just work (a preview)

In Chapter 1, I describe the ongoing transformation of the American economy, a series of economic, technological, and political trends that propel us further and further from what I call a *Smithian well-ordered society* (SWO) of rapid, broad-based gains from economic growth toward a winner-take-all society (WTA) of slower growth, rising inequality, and declining absolute mobility.⁷ SWO takes its cues from the values Adam Smith uses to defend free-market societies and the reforms necessary to realize such societies. His vision of a well-ordered society is a market society in which the virtuous activity of even the low-skilled worker is amply rewarded. In such a society, provided that low- or middle-income workers are willing to work hard, they could reasonably expect a better standard of living for themselves and their children, with growing wealth, security, and leisure and family time. As I argue in Chapter 2, SWO captures widespread American beliefs about how market societies should function. In WTA, by contrast, a number of factors contribute to rising income and wealth inequality, with the gains from economic growth very highly concentrated among a relatively small number of “winners.” As a result, though Americans share many of the values that were central to Smith’s case for a free market society, as well as his optimism that markets further those values, we need to recognize that realizing these values in the 21st-century United States will in some ways require different policies than we’ve inherited from our predecessors (as well as those Smith recommends to combat mercantilism in Great Britain in the 18th century). Nonetheless, Smith’s neglected insights on political economy remain extremely prescient. Absent collective, legislative action in favor of the ordinary worker, the likely result will be a society that – in terms of distribution, our sense of self, and our relation to our fellow citizens – more closely resembles the mercantilist institutions that he criticizes than the free market society he champions.

With this distinction in hand, the rest of the book considers what movement from SWO to WTA entails for the theory and practice of justice in the American context. Chapter 2 examines American public philosophy of markets, focusing on two central ideas about how markets do and should work. First, while Americans are tolerant of economic inequality in principle, they consistently raise concerns for actual levels of inequality, concerns that reach their peak in periods of inequitable growth or decline. Second, our relative tolerance of inequality reflects a commitment to what I call “accountability personal responsibility,” and the belief that well-functioning markets liberally reward market-specific virtues such as prudence

and industry. Then, I contrast this public philosophy with luck egalitarian and libertarian theories of justice and personal responsibility. Contrary to the work of prominent luck egalitarians, Americans do not believe that inequalities that result from the bad brute luck⁸ of being born less talented, much less the good or bad luck of having developed good or bad “choice-making compatibility,” are unjust. They steadfastly reject the theory and politics of responsibility denial, even in an unjust status quo.

While libertarians frequently express concern for theory, politics, and policy that deny individual responsibility, central libertarian theories of justice remain indifferent to the sort of distributive and opportunity inequalities that make it unreasonable to hold individuals accountable for their failure to achieve at least a middle-class life, rejecting the politics and policy necessary to combat such inequalities in the context of WTA. Whatever the merits of this approach in the abstract, in the political and economic status quo an opportunity or distribution-insensitive public philosophy threatens the status, esteem, and social bases of self-respect of the poor or working poor who are subject to condemnation from fellow citizens. In the process, it undermines the ethic of personal responsibility that Americans in general recognize and conservatives and libertarians celebrate. If Americans value personal responsibility, we need a public philosophy that not only does not deny individual agency but also recognizes the ways in which economic trends both exacerbate the negative externalities of putative approaches to personal responsibility and make it harder for individuals to see their success or failure to achieve a middle-class life as the product of their choices.

Chapter 3 considers perhaps the most widely celebrated tenet of our public philosophy: *the American Dream*. Rather than a systematic public philosophy, the American Dream functions as a kind of organizing concept that captures a number of different senses of justice (or injustice). My analysis focuses on the principles of *fair race* and *just work*. According to fair race, a society is just to the extent that the playing field is level, where effort, talent, and ambition matter more than family position and privilege. Just work, by contrast, concerns what Barack Obama (echoing Abraham Lincoln) calls the fundamental promise of America: that hard work is a ticket to the middle class, enabling lower- and middle-income Americans to build a better (and, for Lincoln, a freer) life for themselves and their families. In ways that parallel relational egalitarian conceptions of economic justice, just work is consistent with a wide range of outcomes. In order for opportunity to be equal in the normatively relevant sense, however, there has to be set of mutually achievable outcomes where those who possess the relevant virtues will achieve a middle-class life, a context-sensitive, normative standard of achievement or flourishing.

In SWO, it makes sense for both political actors and political theorists to give normative and policy priority to fair race, including anti-discrimination and educational policies aimed at providing a more level playing field. As societies move further from SWO to WTA, however, the concerns reflected in just work become more pressing, while the idea of a fair race increasingly fails to capture what most matters to citizens. In an economic depression with tens of millions unemployed,

the failure is even clearer. The point is not that fair race doesn't matter. Indeed, since WTA raises the stakes of winning or losing the race, there is a sense in which it matters more. Nonetheless, even if most people possess a fair chance at a middle-class life, as a society moves toward WTA, fewer and fewer will actually be able to attain such a life. The economics of WTA suggest that an institutional approach focused on expanding and equalizing educational opportunities will ultimately fail to be an effective tool for securing just work. In the United States (at present) it will also do little to combat economic depression and widespread unemployment as a result of a global pandemic. When we take seriously the politics of WTA, rather than bracketing politics to focus on normative or economic analysis, it becomes clear that even those who believe that the fairness of competition is all that matters for justice – rather than the distribution of the “outcomes” of that competition – need to address trends toward WTA. While separable in theory, the politics and policy of fair race cannot be maintained in a political economy where the promise of just work regularly goes unfulfilled. In our increasingly winner-take-all economy, Americans must give greater attention to the concerns of just work.

Throughout American history, black Americans have been more likely to suffer as a result of economic and public health crises. The Covid-19 pandemic is no exception. In Chapter 4, I examine the impact of trends toward WTA on inequalities between black and white Americans. As a normative frame for this analysis, I use Martin Luther King's conception of the ends of the civil rights movement. King repeatedly expresses concern that structural transformations in the economy, including automation and other forms of technological change, will prevent these ends from being realized. He writes:

We cannot create machines which revolutionize industry unless we simultaneously create ideas commensurate with social and economic reorganization, which harness the power of such machines for the benefit of man. . . . The new age will not be an era of hope but fear and emptiness unless we master this problem.

(King 2000, p. 159)

On Nancy Fraser's distinction between a *paradigm of recognition* and a *paradigm of redistribution*, American public philosophy of racial inequality tends to focus on recognition, with economic inequalities treated as evidence for, and the product of, racial misrecognition. This tendency glosses over the ways in which trends toward WTA swamp much of the economic gains from any progress in racial recognition. To paraphrase King, progress in legal and status recognition allows some African Americans to reach positions among the political and economic elite. It opens all doors for some. It also opens some doors for all by eliminating important legal obstacles to equal citizenship. The result is a political economy that enables a small minority of African Americans to rise to unprecedented wealth and prominence, while on the whole reproducing historical injustices by placing far greater emphasis on wealth, education, and personal networks. This reproduction also makes black

Americans as a whole more vulnerable to the potentially devastating health and economic effects of Covid-19 (Strings 2020, Ray 2020, APM 2020, Seale 2020, Cowan 2020, Fairlie 2020). To make significant progress toward racial equality we need a citizenry that recognizes the impact of movement from SWO to WTA, and a public philosophy that justifies institutional attempts to counter these trends, or at least mitigate their impact.

Chapter 5 considers the ways in which trends toward WTA make it harder to complete what economist Claudia Goldin calls the “last chapter” toward gender equality. Winner-take-all markets exacerbate the effects of our gendered division of labor on gender wage inequality. The majority of the remaining gender pay gap is due to intra-occupational inequalities, which vary widely by occupation. Gender differences in pay are greatest at the top of the very occupations (such as finance and management) whose compensation has exploded in the past four decades, relative to the marginal to nonexistent real gains of other workers (Goldin 2014, Blau and Kahn 2017). In occupations where pay is linear, reflecting differences in human capital and hours worked, the within-occupation hourly wage gap between men and women largely disappears. That said, just work feminism is less concerned with the demographic composition of top earners than improving the health, wealth, and security of the millions of women who comprise the majority of low-wage workers in the United States. The best way to improve the situation of the majority of American women, I suggest, is to help them attain a larger and more secure share of the fruits of economic growth.

One of the more straightforward ways to accomplish this goal, and further just work in general, is to significantly expand public funding for child care and early childhood education. The disproportionate impact of Covid-19 on working women underlines the import of publicly provided education and child care for combating gender inequalities. In addition, while investment in early childhood education provides substantial benefits in terms of future productivity, reduced reliance on public support, lower criminality, and a variety of other standards, in the status quo such investment depends upon those who can least afford it, and are largely unable to borrow to do so (Elango *et al.* 2016, Deming 2009, Black and Rothstein 2019, Caucutt and Lochner 2017). As a result, there is good reason to believe that we chronically underinvest in such education. Depending on the relevant policy, expansion of both raises demand for early childhood educators and frees parents to continue in labor in full-time positions that provide greater pay, stability, benefits, and opportunity for advancement. Publicly provided childcare also makes it easier for people to move in search of better employment – a move which often involves losing access to trusted family and friends who could help care for children. In the process, such support combats the remaining inequalities in our gendered division of labor, while furthering the ability of millions of American families to reach a middle-class quality of life.

In Chapter 6 I clarify and defend my methodology, which some readers may find too conservative. Rather than trying to convince Americans to affirm principles of justice that are inconsistent with our public philosophy of markets, my approach

works through widely shared values and convictions. Following Smith's lead, neither my analysis nor my proposals depend upon a radical revision of our public philosophy of markets or the rejection of a market-centered political economy. If successful, this work challenges the minds of readers, introducing them to material across disciplines and connecting that work in important (even novel) ways. Nonetheless, in my approach to public philosophy, I work to meet my fellow citizens where they are. In the process, I abdicate the lofty throne of the philosopher-king. While philosopher-kings can adopt whatever reforms they want, whenever they want – reforming our political economy completely and instantaneously so that it reflects the ideal – the rest of us (including academic philosophers) need to recognize that actual reforms are inevitably partial, with each reform shaping the politics of future reforms. Recognizing this reality, a central concern for any market reform is its impact on institutional accountability and the balance of power in that context. Taking the perspective of a philosopher-king causes us to miss this central concern. In order to think about whether a reform will further just work, fair race, or some other principle in our second-best (at best) world, it is simply not helpful to consider what the necessary conditions are for maximizing that principle in the ideal world, or how to trade it off with other values in that world.

The most basic, practical implication of my arguments is that we need to move the distributive impact of reform to the forefront of economic and policy analysis, making a version of just work a principal standard of economic efficiency in public policy debates. While economic growth is conducive to just work, all things being equal, just work does not reduce to economic growth. In part for this reason, we ought (generally) to favor government programs that support workers directly over our current approach, which attempts to help workers indirectly through tax cuts or subsidies for individual firms. One way to do so is to rebuild our eroding infrastructure, with the (related) goals of encouraging productive activity while making it easier for lower-income workers to both live in housing they can afford and access good jobs. This approach is also well suited to tackling widespread unemployment and the subsequent loss of demand that follows. Investment in public health infrastructure, in turn, can also help us to both prepare for future emergencies and address chronic problems, such as the opiate epidemic.

Americans can no longer assume that, in spite of short-term disruptions, labor-replacing technology will lead to widespread gains in our quality of life (Korinek and Ng 2018, Korinek and Stiglitz 2019, Acemoglu and Restrepo 2017, 2019a, 2019b, Fleurbaey *et al.* 2018). Some forms of technological innovation will be more conducive to just work than others. Since much innovation is the product of government investment, and government policy enables or disables much of the ability to collect profit or rents on innovation, one approach is to use taxes, subsidies, and deregulation to encourage innovation that is more conducive to just work. Instead of subsidizing highly regressive technological redistributions on the misguided assumption that the economic fruits of that innovation will be widely shared in the end, we need to be more intentional about favoring worker-friendly innovation. In the process, we need to explore every avenue for countering the

tendency of automation, digitization, and artificial intelligence to create a winner-take-all economy with giant monopoly rents. Such an economy is inefficient according to both traditional economic measures and the principle of just work.

A central concern for Americans, far more important than the opportunity to “strike it rich,” is the ability to translate hard work into a measure of economic security and stability for their families, including access to housing, health care, and educational opportunities. Another way to further just work in the contemporary United States is to make less of what matters most to people, what most Americans consider essential to a middle-class life, depend upon their ability to attain the sort of jobs that were becoming fewer and farther between even before Covid-19 struck. Tying health care to employment generates a number of obvious inefficiencies that make the US system the least cost-effective in the world. The means-tested nature of government support for health care, furthermore, combined with our regressive mechanism for funding such support (payroll taxes) provides institutional disincentives to productive employment. In addition, the rapidly rising cost of health care explains a significant portion of the rising gap between productivity and the wages of ordinary workers. Unfortunately, Americans don’t actually get more health care goods and services for these high prices (Himmelstein 2014, Frakt 2018, Reinhardt 2019). They simply pay more. For these reasons,

we must be careful not to count the exorbitant costs of American healthcare as if they were a cash *benefit* to working people. If the healthcare industry, by lobbying or mergers or lack of competition, raises prices, depriving some people of health insurance and holding down wages for those who are covered by their employers, this is a transfer of income from workers to the industry, and it would be outrageous to count it as making people better off.

(Case and Deaton 2020, p. 157)

Simply getting rid the public provision of health care, however, threatens to exacerbate the already pervasive stress from economic insecurity and instability. A far better approach is to sever the link between health insurance and employment altogether, allowing government agencies to do one of the things that they are in a position to do well: pool risk. For this reason, another avenue for reform is the establishment of publicly funded, universal health insurance. In addition to recognized gains in efficiency and transparency, such insurance removes a major detriment to hiring workers and paying them well (particularly for small and medium-size businesses) while eliminating a central source of economic insecurity in WTA.

Perhaps the most straightforward way to make work pay more is to subsidize it directly. Oren Cass, Director of Domestic Policy for Mitt Romney’s second presidential campaign, argues that instead of trying to support workers indirectly through tax breaks to corporations and wealthy individuals to coax hiring and investment, we should instead subsidize the worker directly. As he notes, we could have more than doubled the Earned Income Tax Credit (EITC) and still had less of a negative long-term impact on the federal deficit than the Tax Cuts and Jobs Act, passed in

2017. Whether or not we choose to adopt wage subsidies, however, it is important to recognize the deleterious effect of our gradual shifting of the tax burden from corporations and their highly concentrated ownership to lower- and middle-income workers (through greater reliance on payroll, residential, and sales taxes).

In addition, although the official unemployment rate was low before the pandemic, after Covid-19 a jobs guarantee might also be essential to securing just work. In addition to loss of aggregate demand for labor as a result of economic contraction, the pandemic provides further incentive to develop labor-replacing technologies in a wide range of industries, including manufacturing, warehousing and distribution, food preparation and service, food processing, and so on (Frey 2020). Robots neither get sick from a virus nor pass it on to others. They don't demand safety equipment or procedures in the workplace. Automated firms, as a result, seem far better insulated from potential shutdowns or delays in the future. Moreover, during times of economic crisis, consumers tend to "trade down" to less-labor-intensive goods and services (Rebelo 2020). They have also shifted to less-labor-intensive forms of commerce. It remains to be seen whether or not (and when) they will shift back.

As American society increasingly moves from SWO to WTA, a logical policy response for Americans concerned with just work is to shift the tax burden along with it, with those who benefit most from the fruits of economic growth assuming a larger share of the tax burden while decreasing the share of workers whose wages have barely improved in several decades. Sadly, our strategy has been the opposite: to throw gasoline on the fire of WTA by transforming the progressive tax system we had during decades of rapid growth into something more closely resembling a flat tax regardless of income. While the extent of this transformation is contested – depending upon how we measure and estimate people's relative tax burden – the overall trend is not: in the past half-century, we have dramatically lowered capital gains and top-income taxation rates while significantly increasing payroll and sales taxes that are disproportionately borne by lower- and middle-income workers. Moreover, the widespread practice of tax evasion and tax avoidance itself functions to redistribute post-tax wealth to the highly concentrated stockholders of multinational corporations, as countries continue to lower corporate and personal income tax rates to avoid losing "tax competitions" to other nations. Fortunately, economists increasingly demonstrate that while fear of capital flight serves the interest of the relatively small numbers of individuals and nations who most profit from the status quo, alternatives to such regressive tax competitions exist. In addition, we should consider ways to replace taxes on labor with taxes on rents – including taxes that target urban land rents and monopolistic profits – furthering efficiency according to both just work and more traditional economic standards. A focus on just work entails developing and adopting tax structures that encourage productive activity and raise the after-tax compensation of ordinary workers rather than those that shower ever greater rewards on the relative few who have captured most of the fruits of economic growth for several decades, enabling them to collect even more rent on the productive activity of others.

Finally, I consider the establishment of sovereign wealth funds – publicly owned investment funds that pay regular dividends to citizens. As Meade himself suggested a half-century ago, one mechanism for mitigating the negative impact on just work of an economy that increasingly privileges ownership over labor is to help workers to be owners as well. While trends toward WTA steadily redistribute the share of gains of economic growth to those at the very top, sovereign wealth funds further just work by shifting the balance (at least a little bit) back toward ordinary workers. They do so without the attending inefficiencies of the nationalization of industries or socialist central planning. For all of these potential avenues for reform, it is important to remember that market reforms affect not only the distribution of subsequent gains from economic growth but also institutional accountability and the balance of political and economic power that provides the background for any future reforms. Since collectives need to make ongoing decisions about how to structure markets, political power and accountability remains relevant to even the most diehard proponents of markets, including the tens of millions of Americans who, like Smith, favor markets for their ability to further just work.

IV. Conclusion

Americans face an economic crisis – as well as a crisis of faith in our political leaders and institutions – greater than most of us have experienced in our lifetimes. This crisis is not merely the product of a global pandemic. Instead, it reflects the ongoing failure to adapt American public philosophy and public policy to our winner-take-all economy. For reasons that economists Angus Deaton, Anne Case, Benjamin Friedman, and many others I discuss in this work make vivid, success or failure can literally be a matter of life and death for millions of Americans. By turning the decline of the American worker into a full-blown economic depression, the pandemic makes this task all the more urgent. Like other sources of WTA, Covid-19 has hit poorer, less educated workers the hardest, while concentrating resources and power among a handful of winners in the economy. The ongoing threat of infection, moreover, provides further economic incentive to develop and implement labor-replacing technologies throughout the economy. Recent history provides ample reason to doubt that these labor-replacing technologies will translate into widespread gains in wealth, leisure, and security for the majority of Americans. In the rest of the book, I make the case for just work as the central normative framework of a post-Covid-19 economy. The American Dream in the 21st century depends upon greater philosophical, political, and economic attention and dedication to this widely shared principle of our public philosophy.

Notes

- 1 It subsequently rebounded, even as unemployment soared, further highlighting the stark divergence between financial markets on the one hand and the economy as a whole and the welfare of most workers on the other (Economist 2020).
- 2 Growth which already appeared to be slowing pre-pandemic (Irwin 2019).

- 3 “The American Dream,” Donald Trump declared in the official announcement of his candidacy, “is dead.”
- 4 According to Seale, this fact shows why a college degree is more valuable than ever. Nonetheless, for reasons I discuss in Chapter 3, it would be wrong to infer that the way to combat this issue is for a much larger percentage of the population to go to college.
- 5 Producers of other Saturday morning classics such as *The Flintstones*, *Scooby Doo*, *Where Are You!*, *The Yogi Bear Show*, and *The Smurfs*.
- 6 Where principals (“owners”) do not possess the relevant information or expertise of agents (managers and other employees) charged with acting on their behalf.
- 7 As will soon become obvious, by a Smithian well-ordered society I don’t mean a “perfectly just society,” for Smith or anyone else. While SWO captures central beliefs about how market societies ought to function, it is not a comprehensive theory of justice.
- 8 “Brute luck” refers to the things that simply happen to people. “Option luck,” by contrast, refers to good or bad luck that follows a responsible choice. For example, while it is a matter of luck whether or not a person wins at roulette, if the decision to play roulette is chosen under appropriate conditions, most luck egalitarians argue that the player is justly held responsible for the consequences of that choice. Being born to a poor or wealthy family, by contrast, is a matter of brute luck.

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1

A TALE OF TWO SOCIETIES

The liberal reward of labor . . . increases the industry of common people. The wages of labor are the encouragement of industry which, like every other human quality, improves in proportion to the encouragement it receives.

– Adam Smith 1999a

To be a player in the tire market in northern Ohio it was once sufficient to be the best tire maker in that part of the state. But the well-informed consumers of northern Ohio – like their counterparts everywhere else – now choose from among a handful of best tire producers worldwide.

– Robert Frank and Philip Cook 1996

As a result of these trends the benefits or rents generated by globalization and technology went disproportionately to owners of capital, including high-end human capital.

– Laura Tyson and Michael Spence 2017

In American politics, it is difficult to get stuff done and easy to block them. With its multiple branches and hurdles, the institutional structure of American government allows organized and intense interests – even quite narrow ones – to create gridlock and stalemate.

– Jacob Hacker and Paul Pierson 2010

I. Adam Smith's well-ordered society

This chapter provides an overview of state of the art in economic and historical analysis of current trends toward winner-take-all societies (WTA). To organize this large body of data, I contrast WTA with what I call a Smithian well-ordered society (SWO). SWO draws on Adam Smith's normative vision of a free-market society,

the values that Smith uses to defend free market reforms in his mercantilist status quo. The moral core of Smith's political economy is the elevation of the working poor (Pack 1991, Fleischacker 1999, 2004, Rothschild 2001, Rothschild and Sen 2006, Boucoyannis 2013, Schliesser 2017). A central advantage of markets, according to history's most important proponent, is that they liberally reward market-specific virtues. Smith writes:

If we consider the general rules by which external prosperity and adversity are commonly distributed in this life, we shall find that, notwithstanding the disorder in which all things appear to be in this world, yet even here every virtue naturally meets with its proper reward . . . success in every sort of business. Wealth and external honours are their proper recompense, and the recompense that they seldom fail of acquiring.

(Smith 1999a, p. 92)

Market societies rely on such virtues as industry, prudence, self-command, and honesty in dealing with customers and business partners. Fortunately, Smith reasons that a well-ordered market society will also reward these virtues.¹ In most cases, the most successful individuals in markets will be the hardest working, most prudent among us. Such virtues, except in "a very extraordinary concurrence of circumstances," will be rewarded. In her detailed analysis, Lisa Herzog summarizes Smith on virtue and markets:

For Smith it is almost a metaphysical requirement that markets reward virtuous behavior. . . . For a well-ordered society it is important that most individuals, most of the time, behave according to these virtues. . . . What makes this possible is that for Smith the virtues . . . have a "pull" of their own: virtuous behavior is rewarded, not only in the hereafter, but also in very concrete, down-to-earth ways in this world. Virtuous behavior thus serves as the basis for claims about what people deserve, and the social world is structured such that they generally receive it.

(Herzog 2013, p. 88, 90)

In addition to the benefits that markets convey for individual and social welfare, Smith also commends them for their broadly meritocratic nature. In short, SWO is a market society where the virtuous activity of even low-skilled workers is "liberally rewarded." This "liberal reward of labor," in turn, encourages "industry of the common people . . . which, like every other human quality, improves in proportion to the encouragement it receives" (Smith 1999a, p. 184).

In addition to pro-labor legislation, which we discuss below, Smith reasons that this inequality in power between workers and wealthy merchants and landlords is mitigated in a constantly growing economy. In such a context, what Smith calls the "progressive state," employers will need to compete for workers, driving up wages and equalizing the benefits of production. Provided that government does not

intervene to protect the rents of established firms, if a business is extremely profitable, competition will soon drive it back to an “ordinary or average” profit (Smith 1999a, p. 139). In such a state, most people possess, or could freely and with relative ease acquire, the talents and skills to command employment.² Great demand for employment, in turn, will force employers to compete with one another, raising wages to correspond with growth throughout the economy. As a result, well-ordered market societies will tend toward broad-based gains throughout, even if the engine of markets benefits from some material inequality. In SWO, the welfare of different participants in the market – in Smith’s terminology landlords, capitalists, and workers – will rise together (Smith 1999a, p. 167–190).

Perhaps at no time in history have societies more closely resembled SWO than the wealthy democratic societies of the mid-20th century. First, there were broadly shared income benefits from economic growth. In the period between World War I and World War II, most wealthy countries experienced wage compression, though the impact was much greater in a handful of countries (including France). For the majority of these countries, including the United States, this equalizing trend accelerated during World War II, and continued for decades (Atkinson 2015, p. 56–58). In this period, which economists Claudia Goldin and Robert Margo call the “Great Compression,” productivity gains mirrored gains in income for both low-income and low-skilled workers and high-skilled, high-income workers (Atkinson 2015, Goldin and Margo 1992). In the United States from the late 1940s until the early 1970s, income gains (as a percentage) grew at approximately the same rate across the income spectrum. According to Center for Budget and Policy Priorities (CBPP) analysis of US Census Bureau Data, real family income gains at the 95th percentile, the median, and the 20th percentile grew at nearly the same rate (Stone *et al.* 2020). Thomas Piketty and Emmanuel Saez’ analysis of federal income tax returns tells a similar story, as the share of income at the top of the income ladder changed very little in this period, after peaking in 1928 and declining substantially in the 1930s and early 1940s (Piketty and Saez 2003, 2006, Saez 2015).

Second, productivity and income growth were massive. The same CBPP data indicate that family income more than doubled at the 95th percentile, the median, and the 20th percentile from the late 1940s to the early 1970s. For Smith, the ways in which division of labor capitalizes on technological innovation drives much of the gains from markets, as the associated use of machines enables one person to do the work of many (Smith 1999a, p. 110–111). A central virtue of SWO is productivity growth through technological innovation. From 1920 to 1970 in the US, growth in output per hour increased by 2.82% per year. While some of this growth can be attributed to gains from a more educated workforce (Goldin and Katz 2010), much of it is due to gains in total factor productivity,³ or what is colloquially known as “Solow’s residual,” after Nobel Prize-winning economist Robert Solow. By this measure, productivity in this period nearly *triples* that during the periods 1890–1920 and 1970–2014 (Gordon 2016, p. 16). The boom started a bit later in war-devastated France, Germany, and Japan, but was even more rapid as these countries caught up to the US and the UK (Piketty 2013).

Next, as Robert Gordon notes, during this “one big wave” of American productivity and income growth, the number of hours worked per family declined significantly (Gordon 2000, 2016). Indeed, Gordon hypothesizes that the two factors are related:

Had there been no Great Depression, there would probably have been no New Deal, with its NIRA [National Industrial Recovery Act] and Wagner Act that promoted unionization and that both directly and indirectly contributed to a sharp rise in real wages and a shrinkage in average weekly hours. In turn, both higher real wages and shorter hours helped boost productivity growth – higher real wages by promoting substitution from labor to capital during 1937–1941 and shorter hours by reducing fatigue and improving efficiency.

(Gordon 2016, p. 18)

In addition, firms capitalized on the widespread electrification of manufacturing in the 1920s and the high-pressure economy of World War II to create innovative, labor-saving methods of production. Of course, such innovation creates job displacement. Outmoded technologies are replaced, and the workers who build them, or use them as part of the manufacturing process, need to move on to something else. Newer technologies frequently require fewer workers altogether. However, workers during the midcentury boom also benefited from the rapid creation of new employment opportunities and great labor market fluidity. This reality approximates Smith’s vision, where workers are able to move from one displaced job to another with relative ease. Smith reasons that as technological innovation makes the individual tasks of production simpler, the jobs themselves require little or no specialized training, training that remains well within the reach of most participants in markets. The downside of this phenomenon for Smith is a kind of “mental mutilation.”⁴ The great virtue of these trends, however, is that the fruits of productivity gains will be both substantial⁵ and widely distributed. As a result, families took the opportunity that growing wages provided by taking more time for leisure.

Without a doubt none of the wealthy, democratic countries of the mid-20th century fully realized the vision of SWO.⁶ Wealth inequality was substantial, and such concentrations of wealth helped to secure the political and bargaining power of those who controlled that wealth. While income gains as a percentage were more or less equal across the income ladder, this entailed far greater absolute gains for those at the top. Nonetheless, as Smith hoped, rapid growth helped to mitigate the economic and political advantages of the wealthy landlords and merchants by raising demand for even low-skilled domestic workers, contributing to the broad-based gains described previously. As productivity increased, therefore, wages increased along with it. Moreover, for the first time in history, we saw the development of a substantial property-owning middle class (Piketty 2013, Wolff 2014, 2017). According to Saez and Zucman, the wealth (non-human capital) share of

the bottom 90% went from 20% in the 1920s to 35% in the early 1980s, while the share held by the top 0.1% fell from 25% in 1929 to 7% in 1978 (Saez and Zucman 2016). Despite differences in data sources, method, and unit of analysis, Edward Wolff's analysis tells a similar story: a nonlinear but persistent rise in wealth across most income groups, with wealth inequality declining substantially from the 1920s on and bottoming out in 1979 (Wolff 2017, Ch. 13).

Well-ordered market societies, according to Smith, liberally reward market-specific virtues such as prudence, honesty, and a willingness to work hard. This begs a central normative question: were individuals during this period historically, uniquely virtuous? Were they simply more willing to work hard than workers before or since? I have my doubts. Insofar as they were more willing to do so, following Smith, I believe it was because the rewards of such effort were so widely felt. In addition, while American society in this period in many ways tracked the values that Smith prized, it is a mistake to infer from this fact (1) that they did so for precisely the reasons that Smith envisioned; (2) that the institutions that structured economic choices in this period represent the "natural" functioning of markets; or (3) that the reforms Smith proposed to combat mercantilism in Great Britain in the 18th century remain the best way to further these values in the American status quo. We will discuss these points at greater length in Chapters 6 and 7. What is clear, however, is that the gains from economic growth were more widely and equally shared than at any point in American history. Families were working substantially fewer hours as individual workers profited from greater job security and rapidly growing wages and benefits.

II. A brave new capitalist's paradise?

For the past four decades, however, the political economy of the United States and most other wealthy, democratic nations has been sliding further and further from Smith's vision. Beginning in the 1970s, economic growth slowed and income inequality increased dramatically. These trends functioned to basically reverse the equalizing trends of the midcentury, as income inequality and concentration in the top 1% returned to 1920s levels (Piketty and Saez 2003, 2006). With falling tax rates at the top, after-tax inequality increased even more rapidly, as the percentage gains for the top 1% were *six times* higher than that of the middle 60% (Stone *et al.* 2020). The economy continued to be more productive, but gains from this productivity were highly concentrated among those at the top of the income and wealth distribution. This income inequality has a snowballing effect, leading to higher savings rates at the top and greater wealth inequality, which in turn leads to greater capital concentration, contributing to further wealth and income inequality. As a result, the P99/P50 ratio (the ratio of wealth at the 90th percentile to that at the 50th percentile) nearly tripled, from 42.6 in 1962 to 121.6 in 2013 (Wolff 2017, p. 653). During this period, the United States went from a comparably wealth-egalitarian country among OECD countries to one with wealth inequality much greater than all others, with the exception of the tax haven Switzerland

(Wolff 2017, p. 682). The share of wealth of the top 0.1 tripled from 1978 to 2012. Saez and Zucman estimate that from 1986 to 2012, half of the total wealth creation was captured by the top 0.1% (Saez and Zucman 2016).⁷ According to Wolff, all of the gains in net worth from 1983 to 2013 went to the top 20%, with 41% of the gains reserved by the top 1% alone (Wolff 2017, Chapter 9). By 2016, nearly half of all wealth was controlled by the top 1% of the American population (Stone *et al.* 2020, Wolff 2017).

These trends have not gone unnoticed. They continue to spark vigorous and voluminous debate over the most relevant cause of what, from the perspective of SWO, have become extremely poorly ordered market societies. The remainder of this chapter considers the growing divergence between these societies and SWO. I examine a number of different accounts of this divergence. In many ways, these accounts complement each other: they generate alternative but also related accounts of growing inequality in these wealthy societies. In other ways, we can see them as competitors, as they each place greater emphasis on different political and economic sources of growing inequality. My goal in this chapter is not to declare one explanation the winner of this competition, but instead to simply make vivid the ways in which we are indeed moving away from SWO.⁸

Perhaps the most widely discussed economic difference between our winner-take-all societies and SWO is the role of technology. Job displacement through technological innovation is essential to a well-ordered market society. Taken in isolation, there is little reason to bemoan the loss of jobs in phonograph manufacturing or the operation of telephone switchboards. The concern, instead, is when technological change undermines the political and economic structures that enable broad-based economic growth. Writing at the tail end of the great midcentury boom, Nobel Prize-winning economist James Meade expressed great concern about the future impact of technology. As we discussed in the introduction, Meade feared that future technological change would in fact drive up the returns to capital, rather than the wages of workers who, displaced by automation, would be forced to move into a low-marginal-productivity service class (Meade 1964, p. 60–61). The negative effects of these economic changes, in turn, may also undermine the balance of political power and the ability to secure and maintain the sort of institutions that are conducive to broad-based growth. In a pessimistic note in a generally optimistic treatise, Meade considers the possibility of this “Brave New Capitalists’ Paradise,” where

there would be a limited number of exceedingly wealthy property owners; the proportion of the working population required to man the extremely profitable automated industries would be small; a large expansion of the production of labor-intensive goods and services which were in high demand by the few multi-multi-multi-millionaires; we would be back in a superworld of an immiserized proletariat and of butlers, footmen, kitchen maids and other hangers-on.

(Meade 1964, p. 33)

Meade anticipates the painstaking work of economists Anthony Atkinson, Thomas Piketty, and Emmanuel Saez. According to Piketty, the “capitalist’s paradise” that Meade describes has been the norm of capitalism, with the equalizing period between World War I and World War II and the great prosperity of the postwar period the exceptions. Positing $r > g^0$ and the high concentration of capital ownership as robust historical and empirical tendencies (rather than analytic or inevitable truths), Piketty argues that in periods of slower economic and demographic growth than the midcentury boom, capitalism tends to produce greater inequality over time. The social democratic age of rapid and broad-based gains in income and wealth, rather than reflecting “mature capitalism,” as many assumed following Simon Kuznets’ pioneering work (1955), instead represents a historical anomaly in the usual functioning of capitalist societies. Absent a powerful political movement to counter trends of growing inequality, therefore, Piketty, Saez, and many others see slow growth, rising inequality, and declining social mobility as the likely future of path of societies such as the US and France, as they drift away from the economics of the social democratic age. In this New Gilded Age, like Jane Austen’s England and the Belle Epoque in France, inherited wealth and opportunities rather than labor and virtue will increasingly be the path to success (Piketty 2013, Piketty and Zucman 2014, Saez and Zucman 2016).

Robert Gordon’s magisterial study of American economic growth is even more pessimistic. Not only should we not expect a return to 3–4% annual growth of the “one big wave,” Gordon argues, but growth rates as low as 0.5% per year in the second half of the 21st century should not be surprising. Twentieth-century America profited from a number of one-time innovations (including the widespread application of 19th-century inventions, such as the electrification of home and factory) that generated unprecedented gains in productivity. The rise and fall of American growth, therefore, is not the product of a rising and falling spirit of innovation. Instead, progress inevitably occurs more rapidly in some intervals than in others. Gordon writes:

American growth slowed down after 1970 not because inventors had lost their spark or were devoid of new ideas, but because the basic elements of a modern standard of living had by then already been achieved along so many dimensions, including food, clothing, housing, transportation, entertainment, communication, health, and working conditions. The 1870–1970 century was unique: Many of these inventions could only happen once, and others reached their natural limits.

(Gordon 2016, p. 641)

This slowing down of growth, Gordon notes, can create a kind of negative feedback loop for productivity, where slow growth generates massive inequality, which itself inhibits future growth. While anything is theoretically possible, according to Piketty, Gordon, and many others, such a sustained period of growth in wealthy countries like the United States is (at the very least) unlikely.

III. Winner-take-all labor markets

Piketty's analysis focuses on inequality generated by capital ownership, understood narrowly as the market value of tradeable goods. As Piketty notes, much inequality in the US is (on this schema) the product of income inequality rather than wealth inequality. As such, critics contend that Piketty's *Capital in the Twenty-First Century* downplays the importance of inequalities in human or digital capital, even as Piketty considers the rise of so-called supermanagers (Nielson 2017). By contrast with SWO, for several decades now technological change has led to growing wage inequality, what economists Claudia Goldin, Lawrence Katz, and David Autor call a *polarization*¹⁰ of the labor market. In their analysis, skill-biased technological change (including the dramatic decline in the cost of computing power) drives an economy with high-education, high-wage jobs for some and low-wage jobs for most everyone else. For several decades, Goldin, Katz, and Autor contend, support for education in the United States and most other developed countries has fallen well short of the demands of the modern economy. Even as the education premium has risen, growth in educational attainment has leveled off (and is even in decline for some groups). The result of this collective failure to win the race between education and technology is the decline of middle-income jobs, with the wage gap between college-educated workers and high-school-educated workers more than doubling in just three decades. It is an economy with high demand for some workers and a large class of lower-skilled workers more or less frozen out of the income gains from economic growth (Autor 2014a, 2014b, 2015, Goldin and Katz 2010, Autor *et al.* 2006). Making matters worse, in this period the US economy faced a substantial decline in labor market fluidity, with slower worker reallocation and a market where it is harder to gain employment after jobless spells (Davis and Haltiwanger 2014, Gordon 2016).

Such labor market polarization through a growing rate of return on human capital parallels the rising rate of return on what Erik Brynjolfsson and Andrew McAfee call "digital capital." The network¹¹ and first-mover effects of digital technologies, combined with intellectual property protection, can produce very large rents over long periods of time. In part for this reason, the returns on digital capital typically follow a power-law distribution, where a small number of owners of digital capital, including digital marketplaces in information, garner a giant share of the returns. To combat principal-agent problems, then, owners of digital capital tend to share their giant rents with top executives and top talent. Indeed, while the concept is analytically distinct, it can be difficult at times to separate the digital capital returns from the human capital of creators of such capital and the workers whose skills enable them to benefit from such innovation. A significant share of the income recorded as labor income at the top of the income bracket, therefore, is actually generated by digital capital shared with certain kinds of complementary human capital, including inventors, venture capitalists, and executives.

Digital marketplaces are particularly dramatic examples of a more general trend toward winner-take-all markets. In their now classic work *The Winner-Take-All*

Society, Robert Frank and Philip Cook describe the phenomenon of winner-take-all markets. These markets turn small differences in talent, effort, connections, or luck into massive inequalities of reward. Winner-take-all markets reward by relative rather than absolute performance. While the absolute differences between those at the top of the profession and those just below may be negligible, the differences in reward are often massive. Prominent examples of such markets, to paraphrase Sherwin Rosen's earlier work, are markets for sports and entertainment superstars. Rosen writes:

The market for classical music has never been larger than it is now, yet the number of full-time soloists on any given instrument is on the order of a few hundred (and much smaller for instruments other than voice, violin, and piano). Performers of the first rank comprise a limited handful out of these small totals and have very large incomes. There are also known to be substantial differences between [their incomes and the incomes of] those in the second rank, even though most consumers would have difficulty detecting more than minor differences in a blind hearing.

(Rosen 1981, p. 845)

The rise of mass markets drives up the salaries of top performers in a wide range of industries, while subsequently eliminating many jobs for those who don't make it to the top. These mass markets, again, result in large part from technological development. Advancements in distribution enable superstar musicians, athletes, and actors to reach a worldwide audience, instantaneously, and at little cost. Such superstars, while particularly visible, represent a very small portion of winners in winner-take-all markets. Falling transportation costs (combined with the reduction of tariffs) force local suppliers to compete with those from across the world. For example, "to be a player in the tire market in northern Ohio," as Frank and Cook note, "it was once sufficient to be the best tire maker in that part of the state. But the well-informed consumers of northern Ohio – like their counterparts everywhere else – now choose from among a handful of best tire producers worldwide" (Frank and Cook 1996, p. 46). Consumers are so informed because advances in telecommunications and global computing enable buyers and sellers to reach each other around the world. They also enable different employees of large firms to communicate with each other, thereby widening their reach even in the face of increasingly stiff competition.

The scope of such winner-take-all markets continues to grow in the two decades since Frank and Cook's work was originally published (Korinek and Ng 2018). Global competition reinforces changes in the labor market, shifting employment from the tradable to the nontradable sector. While total domestic value-added manufacturing continues to grow in the US, it does so as technology substitutes for labor. The shift to fewer, high-skilled jobs in digital technologies, design, and logistics reduced employment but increased labor productivity. Following these trends, the economy replaced middle-class manufacturing work with low value-added

service jobs, while displaced manufacturing workers placed downward pressure on wages for these jobs. The result is not greater unemployment per se, but a shift in employment to a highly polarized economy (Autor *et al.* 2013, Lawrence 2015, Bivens and Mischel 2015, Tyson and Spence 2017), where net job creation largely occurs at the extremes of high-paying creative and managerial jobs and a bulging service sector of low-wage jobs that cannot easily be automated (Fleurbay *et al.* 2018, Frey 2019). According to Frank and Cook, winner-take-all markets are usually not market failures, but instead examples of markets working well. In a way, recent trends are simply the next series of steps in ongoing specialization through technology and division of labor. They reflect more open and competitive markets for both goods and services and for employment. Nonetheless, a broad shift (not just a few isolated industries like entertainment or professional sports) in distribution of income from “normal” or bell-curve distribution to power-law distribution would have many implications for income and opportunities throughout society.¹² “As a result of these trends,” Tyson and Spence summarize,

the benefits or rents generated by globalization and technology went disproportionately to owners of capital, including high-end human capital.¹³ The uneven distribution of the benefits showed up in the well-documented widening gap between the growth of labor productivity and the growth of median and average real wages.

(Tyson and Spence 2017, p. 198)

As a particularly dramatic result of this divergence from SWO, the pay of top CEOs has grown *90 times* faster than the wages of the typical worker since 1978, which only increased 10.9% in that period (Mishel and Davis 2015). Meade’s concerns appear to have been warranted, but with a twist: the benefits of returns to capital have been shared with top income earners, blurring the empirical and normative lines between labor and capital. As economist Branko Milanovic notes in his recent book, what makes our present situation different from both the “social democratic capitalism” of rapid, equitable growth and highly inegalitarian “classical capitalism” of the 19th century is that people who are capital-rich today also tend to be labor-rich as well (Milanovic 2019, p. 17). In addition to the fact that capital income is received mostly by the rich (Milanovic 2019, p. 27) people at the top often receive substantial rewards from human capital as well.

IV. Leisure, security, and the gig economy

Of course, a person’s quality of life does not reduce to their relative wages. In the past four decades we have seen a reversal in historical patterns of leisure time inequality, as those with higher education and higher labor income (as opposed to capital income) now have less leisure time (understood as hours that they are not being paid to work) than their poorer and less educated counterparts. For some economists, this reality partially offsets the impact of rising inequality in wages on

welfare inequalities – as those being left behind by trends to WTA are compensated by (and in fact choose) more time to “devote to their own pursuits” (Sherk 2007). Unfortunately, though employment decisions are voluntary, in the sense that people are typically not forced to accept or decline a given offer of employment, and the majority who want to find more work are able to do so, this state of affairs does not reflect the preferences of most participants in the labor market. More than 80% of those who work more than 50 hours per week would prefer to work less, with 20–30% of these “overemployed workers” preferring to do so even with a corresponding reduction in pay. These workers cannot negotiate this trade-off, however, as employment in a given occupational category is offered only in a standard range of hours and expectations. Simply put, most jobs are “take it or leave it,” with little opportunity even for upper-middle-class workers to negotiate their preferred work/life balance (Schor 1992, Goldin 1996, 2009, Díaz and Echevarria 2009, Jacobs and Gershon 2004, Hamermesh and Stancanelli 2015, Goldin and Gebreselassie 2007).¹⁴ Moreover, the economics of WTA engender such overwork, as even high-skilled workers plausibly fear being left out of much of the gains from economic growth. When small differences in talent and effort make dramatic differences in reward, high-skilled workers face greater and greater pressure to work more and more hours – the costs of narrowly losing the race are simply too high.¹⁵

Moving from high-wage workers to the rest of the population, even before the pandemic the claim that the relative gains of working-class Americans in leisure time reflect a corresponding commitment to devote more time to sleeping and watching TV was more than a little bit dubious (Lahart and Zhao 2010). More plausibly, they reflect the changing nature of work – an economy with high stress, low-autonomy employment, the increased reliance on short-term contract or “gig” workers, and the declining status of the ordinary worker (Karasek and Theorell 1992, Fleurbaey *et al.* 2018, Eichhorst *et al.* 2018, Case and Deaton 2015, 2017a, 2017b). It shouldn’t surprise us, for reasons that Smith highlighted more than two centuries ago, that as work becomes comparatively less rewarding for much of the population, they are less encouraged to do it. In addition, the transition from manufacturing to an economy of service work has led to a rise in the share of working-class employment that takes place in nontraditional working hours. In many cases, these trends force workers with children to make difficult trade-offs between accepting additional employment and caring for their kids, whose school schedules remain during traditional work hours (Hamermesh and Stancanelli 2015, Hamermesh 1999, Presser 2003, Jacobs and Gershon 2004). Covid-19 policy, sending tens of millions of children home for the duration of the 2019–2020 school year, often made productive work untenable for many parents. The impact has been more acutely felt by women workers (Cowan 2020). Much lower-paying service work involves “just-in-time” scheduling, where hours vary unpredictably according to fluctuations in consumer demand. For example, a server may be scheduled for a 5PM–11PM shift, only to be “cut” at 7PM due to fewer than expected occupied tables.

From the perspective of the American Time Use Survey,¹⁶ they gain four hours of leisure. It would be strange, however, to say that this gain reflects their preference, even though it is true that if they sought another job, they would likely be able to find one. After all, they had to prepare their schedule for this shift, including getting to and from work, arranging child care, and so on, while being unable to make plans for that leisure time,¹⁷ or to pursue alternative employment for that time. In other cases, workers are expected to be ready to come in for a shift, even though they may not be called in (and therefore paid) for their efforts.¹⁸ In short, most low- to middle-income Americans would prefer to work more hours in a stable, higher paying-job with a consistent workweek, rather than working multiple (frequently short-term) jobs, with variable, nontraditional hours that make it difficult to plan their lives and care for their family (Hamermesh and Stancanelli 2015, Hamermesh 1999, Presser 2003, Jacobs and Gershon 2004, Rose 2016). After Covid-19, many would prefer to have any job at all. Our current economy simply does not present them with these options.

In the process, trends toward WTA make most American families less economically secure than they were in previous generations, even as they lower the cost of a number of consumer goods. “Even before the onset of the Great Recession,” Wolff writes, “one-fourth of American families had insufficient net worth to enable them to get by for three months at a poverty line level of living, and over two-fifths had insufficient liquid assets to support a poverty-level living for three months” (Wolff 2017, p. 675). By 2013, such *asset poverty* and *liquid resource poverty* had reached 31.2% and 47%, respectively. As society moved from SWO to WTA, the debt of middle-income workers exploded. This explosion was not the product of a “consumption binge” in the face of greater access to consumer credit, as the data suggest that the consumption expenditures of middle-income Americans as a whole tend to rise only when their incomes also grow. Instead, they reflect income insecurity and the rapidly rising cost of higher education, health care, and housing relative to stagnating wages (Wolff 2017, Ch. 3, 15). We discuss education and health care in Chapter 7.

With respect to housing, it is important to recognize the ways in which winner-take-all trends interact with the cost of housing. Frank describes how rising spending on housing at the top creates an “expenditure cascade” that affects the cost of housing for lower- and middle-income workers. In addition to raising the cost of “adequate” housing (an inherently relative concept), participation in such expenditure cascades is perfectly rational for families when we recognize the link between housing costs and other goods, including educational opportunities for their children. The rapidly rising cost of housing in the face of stagnating wages, Frank continues, forces middle-income families to

confront a painful dilemma. They can either send their children to a school of average quality by purchasing a house that is larger and more expensive

than they can comfortably afford, or they can buy a smaller house that is within their budget and send their kids to a below-average school.

(Frank 2007, p. 44–45)

Nor does it help to opt out of home ownership altogether. The number of renters in the United States is growing at rates not seen since 1970 (when the baby boomers were coming of age). Millennials, for example, burdened by historic student loan debt and battered by the Great Recession and the Covid-19 depression, are far less likely to own a home than their parents and grandparents were at the same age (Kent 2020). In the process, gross rent has increased at 3% per year since 2001, while the wages of renters have actually declined during that period (Currier 2018).

In addition, the geography of WTA places a premium on housing in the urban “productivity hubs” that house most of the winners from several decades of economic transformation (Temin 2017, Remes *et al.* 2018, Mims 2018). Even if they had no qualms about leaving their home communities, and the corresponding loss of related social capital (Putnam 2000, Sampson 2011), many workers simply cannot afford to relocate to these hubs, which are already driving out lower- and middle-income service workers.¹⁹ With characteristic clarity and economy, Anne Case and Angus Deaton write:

The traditional escape route for displaced workers has been to move from cities without jobs to those that have them, but this route has been limited in recent years by the high cost of living in successful cities. . . . Many displaced workers have nowhere to go and would likely be even worse off if they did.

*(Case and Deaton 2020, p. 220)*²⁰

Even for those able to pay the housing premium, the rising costs of housing, health care, and education generate palpable anxiety.²¹ This anxiety appears to be well founded, as income volatility has grown substantially in recent years (Gottschalk and Moffitt 2009, Moffitt and Zhang 2018, Shin and Solon 2011, Carr and Wiemers 2018). Moreover, by contrast to families during the midcentury period of comparatively stable and equitable growth, the economics of modern families depend on the consistent economic contributions of both parents. As a result, they are typically far less able to deal with even short-term job loss or family illness (Warren and Tyagi 2004, Rank *et al.* 2014, Wolff 2017). Consumer goods are cheaper, yes, but not cheap enough to offset the rising costs of education, housing, and health care. Needless to say, during leaner times most workers can’t simply trade in these comparatively low-value goods to make up the difference. The sum of these trends is that most Americans in WTA have far less slack in their budgets than in SWO, and fewer mechanisms for dealing with increasingly common fluctuations in wages.²² As a result, even as aggregate wealth of Americans continued to increase during the pre-pandemic period, most of us are poorly suited to survive even

short-term economic shutdowns, much less an extended depression in demand for labor as a result of Covid-19.

V. The political economy of SWO

Smith's writings provide the historical and philosophical foundation of the discipline that came to be known as economics. Like many of today's economists, his goals include both understanding how and why markets function as they do *and* making vivid the many potential advantages of markets over alternative ways of organizing economic life. Because market institutions offer great promise to raise the standard of living of all participants, lifting the working poor in both absolute and relative terms,²³ he understood this work as something of a moral imperative. In part for this reason, the discipline of economics has long been referred to, correctly in my view, as the "moral science." Markets work most efficiently, Smith argues, when commodities are bought and sold at the natural price, that amount which is "neither more nor less than what is sufficient to pay the rent of the land, the wages of labour, and the profits of the stock . . . according to their natural rates" (Smith 1999a, p. 139). Much government intervention, he argued, prevented the price of goods and services from reaching this natural price, creating either wasteful oversupply or a corresponding failure to meet demand, with tragic consequences when shortages include essential goods like food.

Nonetheless, it is a great mistake to treat his work as simply a treatise on the natural functioning of markets, particularly if "natural" is understood to mean "markets without government interference." Smith recognizes that markets are at all times and places shaped by the laws and institutions that humans create for them. In constructing, maintaining, and reforming these institutions, some participants in markets possess a clear advantage over others. While more optimistic than his successors Thomas Malthus, David Ricardo, and Karl Marx, who thought that slower growth and the high concentration of capital resources would inevitably lead to massive inequality,²⁴ Smith also recognizes that actually existing market societies may tend to favor powerful landlords and merchants rather than virtuous workers. Those who control capital, he reasons, can "combine more easily," and hold out for longer without making a deal than workers. They are also more likely to be able to influence legislators to shape the "rules of the game" in their favor.

These central features of the political economy of *The Wealth of Nations* give rise to several strongly worded warnings. In particular, Smith warns that any legislative proposals emanating from this class

[o]ught always be listened to with the greatest precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never precisely the same with that of the publick, who have generally an interest to deceive and even to oppress

the publick, and who accordingly have, upon many occasions, both deceived and oppressed it.

(Smith 1999a, p. 359)

Extending the logic of self-interest from the economic to the political sphere, wealthy merchants, manufacturers, and landowners threaten the very institutions that make the broad-based gains of a market political economy possible. All of these features generate an inequality of bargaining power that privileges profits and rent over labor (Smith 1999a, p. 169–170). As such, there is great risk that in established commercial societies rents and profits will “eat up wages,” enabling landlords and merchants to oppress workers (Smith 1999b, p. 146).

For these reasons, Smith argues that “when regulation is in favor of the workman, it is always just and equitable” (Smith 1999a, p. 246). If Smith’s singular concern is with misguided government intervention, as he is sometimes understood,²⁵ this declaration appears incongruous. Smith seems to be encouraging government agents to do the very thing he admonishes them not to do. By contrast, if Smith’s central concern is government capture by powerful landlords and merchants, then such “interventions” make perfect sense. In other words, Smith’s concern with regulation rests in no small part on the empirical assumption that masters will use government to consolidate their power over workers. The political power of those with entrenched wealth to shape and take advantage of any system of rules exacerbates the fact the even in reasonably well-ordered market societies, masters must generally have the advantage over their workers (Smith 1999a). As a general rule, therefore, regulation in favor of workers functions to counterbalance the privileged position of those who seek to distort the political foundations of real-world markets to their benefit. SWO depends upon collective action to counterbalance the structural advantages of wealthy merchants and landlords.

When ordinary workers lack this power, and governments fail to legislate in their favor, Smith fears that the likely result will be an economy that more closely resembles the mercantilism that he criticizes than the free market society he champions. Smith’s concern is not with equality per se. Given that market specific virtues are unequally distributed throughout the population, SWO will possess material inequality. Some inequality, Smith reasons, will help markets to function efficiently. Rather, his concern is for the elevation of the working poor, that ordinary workers “who feed, clothe, and lodge the whole body of the people” should get their share of the fruits of economic growth, which is fundamentally the product of their labor (Smith 1999a). Moreover, when inequalities become too “extreme,” such a corrupted political economy will undermine the very virtues that drive the engine of productivity. In poorly ordered market societies, citizens may even come to idolize and emulate wealthy rent-seekers rather than virtuous workers, creating a kind of vicious circle of personal and institutional corruption (Rasmussen 2016).²⁶ The result will be a society where a small percentage of the population captures much of the fruits of slower economic growth, and individuals increasingly fail to see hard

work as a ticket to a better life for themselves and their families. The result, in other words, will be WTA.

VI. The constitution of American politics

Unfortunately, American legal and political institutions present several obstacles to passing legislation in favor of workers, however necessary it is to justice in a free market society. First, the growing imbalance of economic power brings with it a growing imbalance of political power. Ideally, perhaps, these two spheres of justice would be kept separate (Walzer 1983). In reality it is difficult to do so, even in countries such as France that place significant legal controls on campaign finance (Bekkouche and Cage 2018). In the US, the 2010 Supreme Court ruling in *Citizens United v. Federal Election Commission* declares many of these controls unconstitutional. Moreover, while the cost of political campaigns has exploded (with billions spent on the 2016 presidential election alone) so too has the share of campaign dollars that come from those at the very top, with the top .01% now responsible for 40% of all campaign funding. To be sure, both parties receive such contributions, with the Democratic share of contributions from the super-rich steadily approaching parity in a category long dominated by Republicans (Edsall 2019, Bonica 2016, Bonica *et al.* 2013). This bipartisan reliance on the wealthy, of course, doesn't mean that the ability to translate economic power into political power is somehow not an issue – that the wealthy “cancel each other out.” Instead, it helps explain why, for decades, our representatives have basically ignored the interests and concerns of lower- and middle-income Americans when they don't line up with those of the wealthiest Americans (Gilens 2012, 2015, Gilens and Page 2014, Bartles 2008, Achen and Bartles 2017).

From a materialist understanding of human motivation, it is preposterous to believe that the wealthy would donate so much money if it didn't translate into policies that most benefit them, including tax cuts on high income and capital gains. Economist Branko Milanovic writes:

The fact is that nobody spends money without expecting to receive something in return, whether it be the utility of owning a large house or favorable tax policy from politicians. To argue that rich people donate money to political campaigns without expecting to receive any favors in return is not only totally antithetical to the normal behavior of the rich (most of whom have become rich by squeezing maximum surplus from employees, suppliers, and customers); it goes against common sense and our understanding of human nature.

(Milanovic 2019, p. 58)

What Milanovic's analysis overlooks (or downplays) is that such donations may also reflect the fact that trends toward WTA leave the wealthiest Americans more money than they know what to do with – so they might as well donate it to

political campaigns, elite universities, museums, and other things they believe are worthwhile. Indeed, they often receive tax credits for doing so. Such motivation need not entail widespread or institutionalized corruption, where politicians trade campaign funding for favors. Nonetheless, it can play a similar role in tilting the political agenda toward issues of greatest concern for those thriving in WTA and away from those of lower- and middle-income Americans who are falling further and further behind. In the process, it underlines the fact that in our present situation, cutting the taxes of the winners of WTA is likely to hinder rather than further the politics and policy of just work.

Another major challenge for adapting public philosophy and public policy to our changing economy is the extreme antimajoritarian structure of American politics. As political scientists Jacob Hacker, Paul Pierson, Ian Shapiro, and others demonstrate, our policy response to trends toward WTA has largely been one of institutionalized paralysis. American institutions are conservative by design, with multiple veto players built into the system to “check” and “balance” individuals or groups who might wield tyrannical power, including the “tyranny of the majority.” Such separation of powers, following early writings by James Madison, is seen by many as an important institutional safeguard against domination (Pettit 1997, 2012). Nonetheless, as Shapiro argues, this institutional conservatism can exacerbate the negative impact of economic inequality on democratic accountability. He writes:

Substantial inequalities always pose significant threats, but . . . they are greater in separation-of-powers systems than in majoritarian ones. The inertia fostered by multiple veto players is less of a challenge to the well-heeled than it is to the rest of us, making it comparatively easy for them to bend separation-of-powers systems to their wills when it suits them. Institutional complexity also works to their advantage. It lets them wield principal-agent problems that are characteristic of separation-of-powers systems, capturing players who are vital to their agendas more easily than is true in majoritarian systems.

(Shapiro 2016, p. 64–65)

Shapiro argues, following John Locke, Abraham Lincoln, and the later writings of Madison, that democratic competition is ultimately the best institutional protection against domination. Unfortunately, in an American context of great party and geographical polarization, competitive elections are fewer and farther between.

Shapiro’s analysis of institutional and policy inertia recalls work by Hacker and Pierson, whose preferred term for such phenomena is *drift*. Though economic activity takes place within the rules set by governments, for several decades the federal government has systematically failed to respond to trends toward WTA. “The main reason for this recurrent pattern,” they write,

[i]s straightforward: In American politics, it is difficult to get stuff done and easy to block them. With its multiple branches and hurdles, the institutional

structure of American government allows organized and intense interests – even quite narrow ones – to create gridlock and stalemate. First, there is the famous division of governing authority into three separate branches with overlapping powers. Next, power is divided not just horizontally but vertically, with states and the federal government sharing and competing for authority.

(Hacker and Pierson 2010, p. 83–84)

Combined with partisan polarization and various supermajority hurdles that legislation must face, including the presidential veto and the dramatic rise in use of the senate filibuster, these structures create “a potent cocktail of political obstruction” that safeguards the interests of winners of WTA. The result is a lack of a political accountability and a difficulty in determining who (if anyone) is responsible for the decline of just work. While these challenges are far from insurmountable, they do explain the overwhelming failure to address trends that, as I argue in the next chapter, citizens across race, gender, class, and party lines see as contrary to American values.

VII. Conclusion: A winner-take-all society

For the purpose of distinguishing our present state of affairs from SWO, whether we classify the returns on human capital as rents or income is not particularly relevant. Technological change drives dramatic increases in the income (or rents) of those who own claims on the returns of capital (Tyson and Spence 2017, Brynjolfsson and McAfee 2014). The result is not only growing inequality but also a reversal of the midcentury trend of translating greater productivity into more time for family and leisure. Just as Meade feared, rather than figuring out what to do with all the free time given us by automation, most of us become relatively (in some ways even absolutely) worse off over time. Most of the gains have been secured by those at the top. In SWO, competition will drive profits and rents down close to what is necessary to bring a good to the market, as the market price nears the natural price. Winner-take-all sources of income inequality, however, resemble textbook definitions of economic rents, in the sense that returns greatly exceed the minimum necessary to bring a factor of production into productive use. Moreover, by contrast with SWO, inequalities generated by winner-take-all markets do not reflect differences in market-specific virtues such as prudence, honesty, or the willingness to work hard. Nor do they reflect inequalities in talent. Instead, much of the rise in inequality reflects the growing significance of network and first-mover effects, personal networks and connections, small differences in talent, or just plain old good or bad luck (Frank 2016). The economy of WTA differs from SWO in both the *extent* and the *sources* of inequality. While the middle and long term impact of Covid-19 remains to be seen, available data suggests that absent policy dedicated to addressing these winner-take-all trends, the pandemic will make things worse for the majority of working families. In the remainder of the book, we explore

the moral and practical implications of movement from SWO to WTA, a state of affairs that forces us to adapt American public philosophy to a changing economy.

Notes

- 1 To be clear, Smith does not argue that these market-specific virtues are the “highest” virtues that humans possess – indeed, he argues the opposite. The value of markets is not that they bring out the best in us. Instead, Smith argues that, compared to mercantilist and feudal institutions, they are far more successful at enabling individual actions on behalf of lower virtues to serve collectively good ends. See also (Herzog 2011).
- 2 On Smith’s understanding, the importance of human capital in well-developed economies is minimal, giving workers quite a bit of flexibility or interchangeability. As Herzog puts it, “Smith thinks that . . . human capital is either transferable to other areas, or workers can easily acquire new skills and competences, as a series of small investments rather than one large investment that lasts a lifetime” (Herzog 2013, p. 71).
- 3 What remains after contributions of education and capital deepening.
- 4 As a result of this process, Smith writes, “The torpor of his [the worker’s] mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any judgment concerning many even of the ordinary duties of private life” (Smith 1999b, p. 368).
- 5 Providing the resources necessary to combat such mutilation through publicly financed education, particularly in philosophy and science, as well as support for the arts to enable “all those who for their own interest would attempt, without scandal or indecency, to amuse and divert the people by painting, poetry, music, dancing; by all sorts of dramatic representations and exhibitions” (Smith 1999b, p. 384).
- 6 The idea of SWO, of course, is not meant to capture everything that matters with respect to justice. There are many concerns of justice that have little to do with, for example, the share of the fruits of economic growth or costs of economic decline.
- 7 See also (Piketty 2013).
- 8 As we shall see in later chapters, however, the sources of movement from SWO to WTA can impact the sorts of normative and policy responses that are best suited to either countering this movement or mitigating its deleterious impact.
- 9 Where the rate of return on capital exceeds economic growth across the economy.
- 10 A term first used, in this context, in (Goos and Manning 2007).
- 11 Where a service or platform becomes more valuable the more people who use it.
- 12 Kim Taipale, founder of the Stillwell Center for Advanced Studies in Science and Technology Policy, argues, “The era of bell curve distributions that supported a bulging social middle class is over and we are headed for the power-law distribution of economic opportunities. Education *per se* is not going to make up the difference” (Brynjolfsson and McAfee 2014, p. 162).
- 13 Including financial managers. Indeed, if we conceptualize wealth not as “accumulated savings” but instead, as economist Suresh Naidu argues, as a “claim of future resources . . . bought and sold on asset markets,” then it is easy to see the rising wages of financial intermediaries as a form of rent (Naidu 2017), even if the pay of financial managers, on Piketty’s framework, is classified as labor rather than capital income.
- 14 For an excellent analysis of available data, and the relevance of leisure time to claims of economic justice, see (Rose 2016).
- 15 In Chapter 5 we discuss the role of these trends on gender wage inequality.
- 16 Published annually by the Bureau of Labor Statistics.
- 17 Which is why they are likely to spend it sleeping, surfing the web, or watching television.
- 18 For a detailed analysis of these phenomena, see (Vogtman and Tucker 2017).
- 19 Cities which already face significant infrastructural strain. See Chapter 7 for public infrastructure spending as a means to just work.

- 20 Including a loss of community and contact with family. As I argue in Chapter 5, one way to mitigate these losses and further just work in the American status quo is to greatly expand access to publicly funded child care.
- 21 See a recent brief from the Pew Charitable Trusts on Americans' perceptions of financial security. www.pewtrusts.org/~media/assets/2015/02/fsm-poll-results-issue-brief-artifinal_v3.pdf. Last Date of Access 10 August 2020.
- 22 Even stable annual earnings belie the frequency of income fluctuations in our gig economy. For example, a recent study of low- to moderate-income households revealed substantial income swings from month to month. On average, these households experienced 2.5 months where income was 25% or more below the annual rate and 2.6 months where it was at least 25% greater. Needless to say, such fluctuations make financial planning (including saving for the future) far more difficult (Hannagan and Morduch 2015).
- 23 Smith's account of welfare is fundamentally relational, in ways that can't be reduced to purchasing power parity. "For example," as Nobel Prize-winning economist Amartya Sen writes,

to be able to "appear in public without shame" may require higher standards of clothing and other visible consumption in a richer society than a poorer one. . . . The same applies to the personal resources needed to take part in the life of the community and, in many respects, even to fulfill the elementary requirements of self-respect. (Sen 2010, p. 52)

See also (Sen 1983, 1987, 2009, Schliesser 2017).

- 24 Famously leading essayist Thomas Carlyle to call economics "the dismal science."
- 25 For example, by "Chicago School" economists Milton Friedman and George Stigler.
- 26 A feature that will be totally lost on analysis that treats human motivation as fixed or uniform. See also (Bowles 2016).

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2

AMERICAN PUBLIC PHILOSOPHY OF MARKETS

In this and like communities, public sentiment is everything. With public sentiment, nothing can fail; without it, nothing can succeed.

– Abraham Lincoln 1953

Americans both embrace the American Dream and recoil from the extreme, growing gap between the rich and everyone else. In fact, it appears that the hope and expectation of living the American Dream is actually leading majorities of Americans of diverse backgrounds to *oppose* extreme inequality, as unfairly curtailing opportunity to all and stacking the deck in favor of the rich and their offspring.

– Benjamin Page and Lesley Jacobs 2009

Deaths of despair . . . come from a long-standing process of cumulative disadvantage for those with less than a college degree. The story is rooted in the labor market, but involves many aspects of life, including marriage, child rearing, and religion.

– Angus Deaton and Anne Case 2015

I. Public philosophy

This book asks and answers an essential question: what sort of public philosophy do we need to face the ethical consequences and challenges of a post-Covid-19 economy? When I use the term “public philosophy” here, I don’t mean a work of a philosopher that targets an audience beyond the narrow confines of academic philosophy. Public philosophy, for our present purposes, begins with Abraham Lincoln’s insight that “in this and like communities, public sentiment is everything. With public sentiment, nothing can fail; without it, nothing can succeed” (Lincoln 1953). Our public philosophy includes not only what individuals actually believe

in a given context but also central or foundational thinkers, ideas, and texts that maintain political currency, even if the implications of these thinkers and texts are not fully internalized by most citizens in the status quo. For example, while important architects of American public philosophy such as Thomas Jefferson, Abraham Lincoln, and Martin Luther King Jr. are rarely taught in academic philosophy, they carry great weight in public efforts to articulate and defend claims about justice. So too do the words of widely cited or supported political leaders and political commentators.

My point, of course, is not that because influential people claim something to be true, or millions of people believe it to be true, then it is true. Instead, this work proceeds from the further recognition that policy and politics works by marshaling values and interests to defend concrete changes in the status quo. Real-world political discourse rarely (if ever) proceeds by reference to an ideally just society.¹ Instead, we look at the existing situation and, by appealing to publicly available or widely recognized principles or values, argue that a given change will better reflect those values. In this way, this book is also a work of practical philosophy. It is a work that citizens, including policy makers, can utilize to assess existing institutions or policies, to propose changes in policy, or (ideally) both. Practical philosophy need not eschew systematic or technical analysis. Indeed, another goal of this book is to connect American beliefs about justice with important work in academic philosophy, politics, sociology, and economics, in order to deepen and refine the former while demonstrating the practical relevance (and occasionally the lack thereof) of the latter fields. In doing so, I also proceed from the recognition that a public philosophy of any group as large and diverse as the contemporary United States is invariably pluralist. Individuals and groups in the US affirm a number of different ideas or principles of justice, which may come into conflict with one another, at least in some cases. My pluralist contribution to that public philosophy, then, answers a central question for such a contribution: when and why do particular principles take normative or practical (policy) priority over another?

To answer this question, we need to integrate recent work across academic disciplines. As such, this work casts aside the shackles of what we might call the received view of a disciplinary division of labor. According to this understanding, the work of the philosophers or political theorists is to articulate universal or appropriately context-independent² ideals or principles, the social scientist or policy expert to create data and analysis that can be used to determine the practical or policy implications of our moral principles, and the political actor or activist to adopt the right policies or help convince the public (or at least those in power) that these values and policies are the right ones. Even if it is seldom defended as an ideal, this division of labor pervades contemporary discourse in an increasingly specialized and professionalized academy and society. Such specialization may appear to reflect admirable epistemic humility: the understanding that specialists possess a relatively limited sphere of knowledge. Scholars are willing to admit that on many, many important matters, others know far more than we do.

On the whole, epistemic humility is to be applauded. In order to think about what principles of justice mean in a given context, however, we need to pair normative theory with work that considers the social, political, and economic realities of that context. Treating these topics in isolation undermines our public philosophy in many ways. First, careful consideration of normative principles is essential for social and political scientists to collect the kind of data that political actors and political philosophers need to make claims about whether a given policy furthers or hinders justice. Different principles require different data to understand what it would to put these principles into practice. Consider central conceptions of justice in the literature. To put a historical entitlement theory of justice into practice (Nozick 1974), we need knowledge of the details of history of acquisition. To put fair equality of opportunity into practice (Rawls 1971), we need data that examines the links between welfare and social position and talent and ambitions.³ Different theories of relational equality, utilitarianism, luck egalitarianism, and so on require different data still. There is no single, one-size-fits-all set of data that we can plug in to answer these questions. The data must be tailored to the relevant normative questions. Disciplinary division of labor, as a result, undermines the usefulness of the social sciences for political actors and theorists who must intuit, translate, or at times by necessity make a heroic (or, more negatively, dubious) leap from existing data to the information that is relevant to their normative concerns.

Next, as I demonstrate throughout the text, politics matter, and people's values matter, not merely because they impact what is politically feasible or democratically legitimate, but also because a given political and economic context shapes both the practical relevance of principles we might use to defend a policy and the normative ramifications of adopting that policy. Even when these realities do not change what it means to put a principle of justice into practice – where it is clear what the principle entails for public policy – they still determine the normative impact of using that principle as a guide to public policy. A principle of justice may be reasonable or rational in theory, but morally disastrous as a guide to public policy in the status quo. Philosophers and political theorists, therefore, must recognize that the relevance of a principle of justice, and desirability of a given policy that such a principle might justify, depends in part upon the political and economic realities of a particular context. An understanding of these realities, rooted in a study of the relevant data from the social and policy sciences, is essential to normative analysis itself.

On closer consideration, that people's beliefs and their empirical realities are important to the work of the philosopher should not be particularly controversial. After all, most work in moral and political philosophy trades on the philosopher's conception of what "we believe" or "we feel," and what "is reasonable" or "seems clear to us" – where the "we" in question is presumably not limited to the writer and their professor colleagues. Similarly, most political philosophers rely, however implicitly, on a conception about how the world works. It stands to reason, then, that the state of the art in social sciences about what people *in fact* believe, and how the world *in fact* works, is relevant to that normative analysis. Even if the

architecture of normative argument may ultimately rely on “fact-insensitive” or “ultimate” principles (Cohen 2003), our actual normative beliefs, our understanding of their relative importance, and our sense of their real-world implications (even at a very high level of abstraction) builds on our understanding of how the world actually works. As Joseph Fishkin helpfully puts the point, “Facts do more than generate applications, they affect the shape of all but the most ultimate principles” (Fishkin 2013, p. 88).⁴ They certainly affect our understanding of principles that animate my analysis of American public philosophy.

Finally, for the political actor or activist, both philosophical and social scientific work is relevant to answering the fundamental question of activism: what are we working or campaigning for? Individuals and groups may be mistaken about the sources of, or plausible remedies to, whatever issue that they are concerned with. At times, normative views themselves will fail to withstand close scrutiny. While I illustrate the importance of what people actually believe to both the theory and practice of justice, in no way does my analysis suggest that we treat beliefs, values, and interests as fixed or given. Aside from the fact that individuals and groups do in fact change their minds, such an orientation precludes the sort of normative, empirical, and policy progress that is the ultimate end of this book. Simply put, this work proceeds on Lincoln’s conviction that, not only do people’s ideas and sentiments matter, but also that they are capable of adaptation and even, in some cases, dramatic transformation. With this conviction in place, my work is motivated by the recognition of another basic fact, which I discuss at greater length in Section V: the consequences of our ongoing failure to adapt American public philosophy and public policy to our winner-take-all economy can be disastrous.

II. Markets in principle vs. markets in reality

We should be skeptical of analysis that treats American beliefs as fixed and constant. For example, from World War II through the mid-1980s, the conventional wisdom was that Americans are not concerned about economic inequality because market societies like ours provide individuals with the opportunity to get ahead in life through their own efforts. Contrasting concerns with opportunity with concerns with inequality, a popular view both in and out of the academy was that while Americans opposed significant inequalities of opportunity, and supported increased government support for education to help combat these inequalities, inequalities of outcome are no reason for concern. Leslie McCall argues that this consensus concerning our tolerance of and ambivalence toward economic inequality was primarily an artifact of the equitable growth of the postwar years, which theorists then treated as a relatively fixed aspect of our political economy. She writes:

Because growth was equitable in the postwar years up until the 1970s and, most likely, perceived to be equitable throughout the 1980s before the issue

of rising inequality gained public attention, the dominant *theoretical* views of ambivalence and tolerance were consistent with distributive outcomes during a pivotal period of contemporary American history. This has probably had a lasting but misleading effect on our understanding of core American norms of equality.

(McCall 2013, p. 128)

For several decades, then, political scientists and other analysts have attempted to articulate and explain what at first appears to be a puzzle in the giant collection of publicly available data on Americans' beliefs concerning inequality and opportunity: while Americans are reliably pro-market and inequality-tolerant in the abstract, they also consistently and increasingly see actual market inequalities as unjust or illegitimate, while favoring a wide range of concrete governmental "interventions" into the market to combat this inequality. In the words of Benjamin Page and Lawrence Jacobs, Americans are philosophical conservatives but programmatic egalitarians. They describe two central themes in American conservatism. First, most Americans accept a significant amount of economic inequality in principle. They do not want to level incomes and do not typically envy the rich. Indeed, they often believe that inequality drives effort and accomplishment (Page and Jacobs 2009, p. 31–32). Nonetheless, concern with the perceived amount of income and wealth inequality is consistent and growing, with a remarkable amount of majoritarian agreement among different classes, races, and parties (Page and Jacobs 2009, p. 43–45). As Page and Jacobs put the point:

There is, in fact, a new silent majority. A consensus exists across parties and across income groupings that individuals ought to do their best to care for themselves, but that government ought to foster opportunities and protect individuals against threats that might impede their actual exercise of opportunity.

(Page and Jacobs 2009, p. 73)

This programmatic egalitarianism includes widespread support for such policies as early childhood education, job retraining, food stamps, and access to health care. Sizable majorities favor raising the minimum wage, on the belief that a full-time worker should be able to support their family at levels well above the poverty line. Americans believe not only that people who are able to work should be willing to work – roundly rejecting proposals for unconditional or basic income – but also that such work should pay, and pay well.

Echoing Page and Jacobs, McCall notes that Americans are increasingly concerned about rising inequality. Our beliefs are dynamic, evolving according to our perceived changes in the economy. She identifies a number of central linkages between our different beliefs and values, which (perhaps surprisingly) tell a coherent story about this evolution. From her detailed analysis of available data McCall

articulates five different ideas or “tropes” in the American public philosophy of equality and opportunity (McCall 2013, p. 140–146):

- 1 *Level playing field*: equal opportunities to prepare for the labor market, especially through education
- 2 *Bootstraps*: the opportunity to get ahead in life through hard work or perseverance
- 3 *Rising tide*: the availability of good jobs for those who seek them
- 4 *Equal treatment*: equal job opportunities (including pay) for individuals with equal qualifications, regardless of race, gender, class, or other characteristics related to performance
- 5 *Just deserts*: compensation commensurate with contribution and performance.

Much 20th-century scholarship of American beliefs about equality, she argues, relies upon a *bootstraps* explanation of opportunity, inferring from our belief that opportunity is important and widely available that Americans are not concerned about inequality. Interestingly, she finds that while the *bootstraps* idea remains prevalent in our public philosophy, it plays little to no explanatory role in our divergent beliefs about inequality. “As such,” she writes, “it is grossly misleading to cast it as an indicator of tolerant beliefs about inequality, as is so often done” (McCall 2013, p. 152–153). Instead, people’s views on inequality, both across the population at a given time and as our views evolve over time, tend to depend upon a complex interplay of other conceptions of equality and opportunity.⁵

While McCall’s work is worth examining in detail, I want to highlight a few central features of her analysis, which are generally consistent with work by Page, Jacobs, and others. First, American views about the health of the economy and income inequality are connected. Nonetheless, concern about inequality does not straightforwardly track macroeconomic conditions such as overall growth or joblessness. Nor does it reduce to an individual’s current welfare and employment status. People are concerned not only about themselves but also their children and their community. For example, while there is a strong link between pessimism about the future and concern for inequality, this link holds not only for those personally pessimistic but also for those comparatively optimistic about themselves but worried about social mobility, economic security, and equitable growth more generally (McCall 2013, p. 114–118). What our views of inequality do straightforwardly track is the rise and fall of median men’s wages relative to the rest of the economy (McCall p. 123). This suggests that the motivating concern is less about joblessness, or a slowing economy, than about what having a job entails. As McCall puts it, our concerns are about the “distributional nature of economic growth, or the lack of expanding opportunities across the population as a whole” (McCall 2013, p. 140).

Next, most Americans think that both hard work *and* knowing the right people, coming from a wealthy family, or having educated parents is “essential” or “very important” to getting ahead in life (McCall 2013, p. 153–154). Americans who

conceive of inequalities as the product of unequal treatment or an unlevel playing field tend to be more concerned with those inequalities than those whose view of American political economy is more meritocratic. Nonetheless, Americans in general care far less about these inequalities, or inequality in income and wealth more broadly, when they perceive that growth is equitable. Conversely, they construe inequitable growth as itself a restriction of economic opportunity. McCall writes:

This occurs when everyone does not appear to be benefitting from economic growth or suffering from economic troubles. When the rich stand out as unscathed by economic turmoil, for example, they are potentially deemed undeserving for two reasons: they are prospering when others are not (a violation of norms of fairness), and their own poor stewardship of the economy may be a cause of the turmoil (a violation of “just deserts” opportunity if their compensation remains stratospheric, and a violation of “rising tide” opportunity if inequality affects economic growth).

(McCall 2013, p. 8)

Americans are most concerned with inequality when the rich and powerful are able to either isolate themselves from the impact of economic downturns or profit from upswings in ways that are disproportionate to the rest of the population. In such a context, Americans think that the economy is in flagrant violation of “just deserts.” In addition, most believe that low-end workers are underpaid and high-end workers are overpaid, with significant increases in those who strongly believe that inequalities exist to benefit the rich and powerful, and are unnecessary for, and an obstacle to, widespread prosperity. In sum,

[D]esires for an equitable society intensify not gradually as inequality rises over time, or episodically with the business or presidential election cycles, or only for those with less education or low incomes; rather, they rise for all groups during periods of inequitable growth.

(McCall 2013, p. 226)

Equitable growth rather than growth or inequality per se is our primary normative concern.

Finally, Americans tend not to treat inequitable growth as an inevitable (if lamentable) side effect of the way markets distribute wealth. Rather, they believe that such growth represents a distortion of markets, a sign that they are not functioning as they should, and perhaps have been “rigged” to benefit some at the expense of others.⁶ As a result, Page and Jacobs argue,

Americans both embrace the American Dream and recoil from the extreme, growing gap between the rich and everyone else. In fact it appears that the hope and expectation of living the American Dream is actually leading majorities of Americans of diverse backgrounds to *oppose* extreme inequality,

as unfairly curtailing opportunity to all and stacking the deck in favor of the rich and their offspring.

(Page and Jacobs 2009, p. 30)

In periods of inequitable growth, there becomes a sharper disconnect between how Americans see both markets and American society in principle and how they see it in practice. The story is one of a society that increasingly fails to live up to its promise. With this distinction in mind, American views of economic justice evolve with remarkable coherence. They track failures of Americans political economy to live up to standards of (1) rising tides, (2) just deserts, and (3) equal treatment (McCall 2013).

Recent scholarship goes a long way toward understanding American beliefs about markets; though surely, as McCall, Page, and Jacobs argue, more work needs to be done. In this section I provided a short summary of some of the best of this work. To conclude, however, I suggest an even shorter way of summarizing American beliefs about markets, which may already be apparent to those who read the previous chapter: Americans are Smithians.⁷ In crucial ways, we believe that market societies should function how Adam Smith believes they should function. In a well-ordered market society, growth is substantial and equitable, where a rising tide lifts all boats. Such markets enable low- and middle-income individuals to turn their work into a better life for themselves and their families. For this reason, as I highlight in the next two sections, Americans believe that it is generally appropriate to hold individuals accountable for their failure in markets, and for public policy to encourage this accountability. When growth is equitable, inequality is not a major cause for concern – indeed, inequality can serve as a useful mechanism for such growth, insofar as it encourages the virtues of innovation, effort, and thrift. If we believe that inequality reflects or exacerbates a lack of opportunity or unfair or inequitable growth, however, Americans respond with great hostility to perceived levels of inequality, even when these levels significantly understate the extent to which American political economy has become winner-take-all. Rather than withdrawing their faith in markets in general – again like Smith – they see market societies that fail to provide equitable growth as distorted or “rigged” by powerful economic agents who are able to shape the rules of the game of markets in their favor. The typical response to such distortions (echoing Smith) is to support and demand governmental efforts to make opportunity more widespread, and to secure the undeserving or working poor from hardship and deprivation (Page and Jacobs 2009, McCall 2013).

III. (Most) Americans are not luck egalitarians⁸

In the next two sections, I compare and contrast important philosophical theories of economic justice with America’s Smithian public philosophy of markets. My focus is on what is taken by Americans across the ideological spectrum to be a central principle of economic justice: the idea of personal responsibility. Let’s begin

with the dominant paradigm of justice and personal responsibility in academic philosophy, a collection of theories that Elizabeth Anderson (in a critical work) refers to as “luck egalitarianism.” Luck egalitarian theories build on the intuition that, all things being equal, people’s relative welfare or social position should be determined by their responsible choices, as opposed to differences in circumstances that they could not be responsible for. Social and economic inequalities are just if they reflect (for example) our willingness to work hard and save for the future. Examples of circumstances beyond an individual’s control include being born with a physical or mental disability, being more or less naturally intelligent or beautiful, or being educated in an overcrowded, underfunded, or unsafe school, as opposed to a prestigious prep school paid for by your parents. Since none of these factors are the product of an individual’s responsible choice, inequalities that such good or bad luck generates are in principle unjust. “The fundamental distinction,” G.A. Cohen writes, “is between choice and luck in the shaping of people’s fates” (Cohen 1989, p. 907). Luck is defined negatively, as simply the things that an individual is not responsible for.

While Cohen builds on the work of John Rawls and Ronald Dworkin, he argues that the distinction between responsibility and luck is in fact truer to the motivation of their resource-egalitarian theories than their own principles. “[A]nyone who thinks that initial advantage and inherent capacity are unjust distributors,” he argues, “thinks so because he believes that they make a person’s fate depend too much on sheer luck” (Cohen 1989, p. 907). Richard Arneson presents a very similar view, focused on equalizing opportunities for welfare. According to Arneson, *true equal opportunity for welfare* obtains among a number of persons when society compensates and adjusts for individuals’ different abilities to negotiate options, so that if people acted as responsibly as could be expected at the onset of adulthood, they would have the same expected welfare over the course of their lives (Arneson 1989). Economist John Roemer agrees that justice requires equality of opportunity. For Roemer, the fundamental choice from the perspective of justice, and the source of desert for individuals, is their choice to work hard. “I think that under an equality of opportunity policy, individuals who try equally hard should end up with equal outcomes” (Roemer 1998, p. 15). According to Roemer, opportunities are equalized when resources are distributed in such a way as to equalize outcomes among those exerting the same degree of effort.

When moving from luck egalitarian theory to the practice of justice in the real world with extremely unequal opportunities (in the luck egalitarian sense), it is unclear what role choice or responsibility plays in any existing society. For example, Cohen argues that to expect persons who identify with a particular expensive preference “to forgo or to restrict satisfaction of that preference (because it is expensive) is, therefore, to ask them to accept an alienation from what is deep in them” (Cohen 2004, p. 48). In response to this claim, Carl Knight argues that the only expensive taste that Cohen’s ideal society would not compensate for is one that is genuinely chosen *and* not initially supported by a value judgment. His criticism is that few if any tastes would be so formed. Echoing early criticism by Dworkin,

he argues that Cohen's luck egalitarianism reduces to equality of welfare (Knight 2009, p. 46–55). Since it leaves no room for personal responsibility in practice, Knight rejects Cohen's theory as a theory of equality. Nonetheless, in a response to Scheffler (2003), Knight argues that "poor choice-making capability is a disadvantage just like any other for the luck egalitarian. . . . As such it will give rise to compensation unless the individual is responsible for it" (Knight 2009, p. 183). It isn't clear what it would mean to be responsible for poor choice-making capability, or how policy makers might identify such responsibility. Similarly, with respect to Arneson's definition, no current society presents its citizens with equal decision trees. It is difficult, in turn, to imagine how a policy maker, on Andrew Kaufman's understanding, could design and adopt policies such that inequalities do not track people's preferences, but instead their ideally considered preferences (Kaufman 2004).⁹ On a number of interpretations, for luck egalitarians there appears to be no practical difference between equality of opportunity and equality of welfare.

Cohen praises Dworkin for performing "for egalitarianism the considerable service of incorporating within it the most powerful idea in the arsenal of the anti-egalitarian right: the idea of choice and responsibility" (Cohen 1989, p. 933). Despite Cohen's declaration, and the frequent assertion that luck egalitarianism builds from widely shared intuitions about justice, it is important to recognize the significant differences between prominent luck egalitarian theories and American public philosophy of markets. To be sure, our beliefs about economic justice remain deeply sensitive to considerations of responsibility and accountability. As Page and Jacobs note, our programmatic egalitarianism includes support for food stamps and other social welfare programs that mitigate threats to individual opportunity. Support for these programs, as well as "redistributive" policies such as a higher tax rate on wealthy citizens, varies significantly depending upon an individual's belief about whether those worse or better off are responsible for their situation (Fong 2001, Fong *et al.* 2005, Farkas and Robinson 1996, Konow 1996, 2000, 2001, 2003, Gilens 1999, Petersen *et al.* 2011, Page and Jacobs 2009, Petersen 2012, Aarøe and Petersen 2014). As Peterson and Aarøe write, "In essence, utilizing a 'deservingness heuristic,' individuals across cultural divides, welfare state regimes, ideology, and political sophistication support welfare benefits for recipients who are perceived as hard-working and reject welfare benefits for recipients who are perceived to be lazy" (Aarøe and Petersen 2014, p. 685).

The role of desert here, however, does not work all the way down to familial sources of good or bad constitutive luck – the sort of luck that affects our preferences and willingness to work hard. Americans, and not only Americans, believe that it is generally appropriate to hold people accountable for their good or bad character. In addition, it is true that we frequently criticize inequalities that result from a combination of unequal treatment, unlevel playing fields, and unjust deserts – particularly in periods of inequitable growth. In the process, we support a number of policies directed at given forms of "bad luck," providing opportunities to even those citizens unfortunate (to use the luck egalitarian frame) to be born to poor parents, or living in neighborhoods with poorly funded or poorly managed

schools. Our concerns, however, are less about neutralizing bad luck than insuring widespread opportunity and equitable growth. While luck egalitarians argue that individuals can't take responsibility for their talents, Americans do not believe that a just society neutralizes the impact of such sources of brute luck, nor are they troubled when people get ahead through such talent. They are far more likely to be disturbed when talent is ignored and people are selected for desired positions for considerations other than their ability. Such an economy violates the principles of equal treatment and just deserts (McCall 2013).

Most basically, Americans do not affirm equality of welfare, deeming no individual sufficiently responsible for their choices, habits, or preferences as to warrant anything else. Insofar as luck egalitarian theories entail such responsibility denial in the status quo, they venture far from any plausible claim that they capture our central beliefs about economic justice.¹⁰ Yascha Mounk writes:

People like the world to be fair, and they seemingly share the intuition that it would be unfair to be negatively affected by things that are a matter of bad luck. But while their resistance to blaming people for bad luck may be rooted in widespread intuitions, the range of things that defenders of the “no-responsibility view” label as a matter of bad luck is far from intuitive. To point out that it is a matter of bad luck whether one is born poor or as the beneficiary of a trust fund, or whether one gets to attend a well-funded private school or languishes at a dysfunctional public school in the inner city, resonates with ordinary voters. But when the argument is pushed further, the strength of the underlying intuition rapidly fades. Most people have trouble recognizing that attributes like particular talents are a matter of sheer luck. . . . When it comes to a person's willingness to exert effort, the argument that constitutive luck is responsible for making some people more hardworking than others fails to cut electoral muster [sic] to an even greater degree.

(Mounk 2017, p. 131–132)

Whatever we might say of the analytic virtues of responsibility denial, it makes for ineffective politics.¹¹ Americans, not surprisingly, are reluctant to embrace a moral and political philosophy that appears to deny their own agency, treating both their talents and their character as arbitrary from the perspective of justice.¹²

IV. (Most) Americans are not libertarians

Any practical philosophy, aimed at making concrete progress toward justice in a given context, will need to think about what principles entail *in that context*. The distinction here is not between political philosophy and political activism, between knowledge and impact or influence, or between what we should think as philosophers versus what we should do as political agents. Instead, it is between a practical philosophy that representatives and other powerful actors could use as guide to

policy, and citizens could use to hold those actors accountable, versus work whose implications remain (deliberately or not) obscure or nonexistent. With this goal in mind, I move to a set of libertarian ideas of justice and personal responsibility. Most basically, libertarian conceptions of personal responsibility build from concerns for the theory, practice, and politics of responsibility denial.¹³ For David Schmidtz, the distinction between holding people responsible and taking responsibility is central. He writes:

Holding people responsible involves assigning blame or credit. When I speak of *taking* responsibility, I use the term in a different way. To take responsibility is to accept a cluster of challenges: to plan for your future, to make the best of your good luck, and your bad luck as well.

(Schmidtz 2008, p. 175)

According to this idea of personal responsibility, a well-ordered political economy will encourage people to take responsibility for their lives (including good or bad fortune) while preventing them from externalizing the costs of their irresponsibility. The luck egalitarian focus on whether or not individuals possess more or less equal options or opportunities is misguided.

Schmidtz' argument here follows Nobel Prize-winning economist F.A. Hayek's consequentialist case for personal responsibility in *The Constitution of Liberty*, where he writes that "the justification for assigning responsibility is thus the presumed effect of this practice on future action: it aims at teaching people what they ought to consider in comparable future situations" (Hayek 1960, p. 139). "Ought," in this case, means *what it would be in their interest to consider*. In most cases, "our ignorance of the particular circumstances will regularly be such that we will merely know that the expectation that they will be held responsible is likely, on the whole, to influence men in certain positions in a desirable direction" (Hayek 1960, p. 138). Social institutions ought to encourage everyone to believe that they are responsible for their position because, more often than not, such a belief will encourage them to do better. As a result, "though a man's conviction that all he achieves is due solely to his exhortations, skill, and intelligence may be largely false, it is apt to have the most beneficial effects on his energy and circumspection" (Hayek 1960, p. 145). For Hayek, the idea of personal responsibility is in many ways a socially beneficial form of collective self-deception. It encourages individuals to act in personally and socially beneficial ways.

It is important to highlight that, despite practical and (at times) rhetorical overlap between conservatives and libertarians, the libertarian idea of personal responsibility rejects the meritocratic foundations of much conservative opposition to economic "redistribution." In his piece for the *American Enterprise Institute*, for example, Arthur Brooks declares, "True fairness means rewarding merit, not spreading the wealth." "I don't care about income inequality," he states. "I care about opportunity inequality."¹⁴ As Paul Ryan argues, "[J]ustice is done when we level the playing field at the starting line and rewards are proportionate to merit and effort" (Ryan

2011). Though prominent theorist Charles Murray calls himself a libertarian, his understanding of personal responsibility relies on the notions of merit and desert characteristic of conservative criticism of the welfare state, the very notions that the libertarian approach to justice and personal responsibility rejects (Murray 1984, 1992). With this meritocratic understanding of personal responsibility in mind, conservatives express concern that “equal opportunity is not an established fact.”¹⁵ With a level playing field secured, conservative meritocrats believe that inequalities that result from different choices or efforts are justified.

By contrast with meritocratic conservatism in particular, and American public philosophy of markets in general, libertarian personal responsibility is largely indifferent to inequalities in individual opportunities. Indeed, as a public philosophy the libertarian approach appears to ignore whether or not a society liberally rewards work, such that poor and working-class citizens are able to trade hard work for a better quality of life (Preiss 2017). As Schmidtz argues,

Hayek never doubts that we sometimes need legislation, but he thinks that the aim of legislation should be to make things better, not fairer; to make things more productive, not more level; to channel innovative thinking in the direction of wealth creation, not wealth capture.

(Schmidtz 2012)

Whether or not growth is equitable is not an important concern. The idea of merit, in turn, is not a friend to freedom. Hayek writes:

Any attempt to found the case for freedom on this argument [from merit] is very damaging to it, since it concedes that material rewards ought to be made to correspond to recognizable merit and then opposes the conclusion that most people will draw from this by an assertion which is untrue. The proper answer is that in a free system it is neither desirable nor practicable that material rewards should be made generally to correspond to what men recognize as merit and that it is an essential characteristic of a free society that an individual's position should not necessarily depend on the views that his fellows hold about the merit he has acquired.

(Hayek 1960, p. 82)

For Hayek, nothing is lost in a society with inequitable growth or unjust deserts.¹⁶ While policies and politics which treat people as responsible for their circumstances will serve to blind them to the ways in which human-generated circumstances can make it far easier or harder to an individual to succeed based on her responsible choices, this matters little, since the purpose of markets is not to reward merit or desert. Similarly, it appears that in both SWO and WTA, Schmidtz argues that public policies ought to encourage taking personal responsibility, even though the two societies differ dramatically with respect to whether or not it is reasonable to hold a person responsible for their failure to achieve a middle-class

life for themselves and their families. Robert Nozick's entitlement theory of justice faces a similar set of issues. According to Nozick, provided the history of acquisition is just, it is not unjust for some individuals to capture much of the fruits of growth while much of the rest of the population is relatively or absolutely worse off. Many policies that would secure more equitable growth, in turn, including those that utilize redistributive taxation to expand access to health care resources, subsidize wages, or support child care and early childhood education, violate individual rights and entitlements (Nozick 1974).

Americans, including critics of redistributive policies and so-called welfare entitlements, are more like Smith than the libertarians. For both supporters of progressive policies and their opponents, the idea that well-ordered markets reward virtue is widespread. This responsibility-sensitive public philosophy, in turn, stands against the backdrop of a commitment to equitable growth. When a rising tide lifts all boats, and pay at the top of the income ladder reflects the just deserts of those successfully stewarding the economy toward widespread and equitable growth, Americans typically don't care much about economic inequality. In short, they don't care about inequality when markets function as both they and Smith thinks they will function in a well-ordered society. When the benefits of growth are captured by a small percentage of the population, however, with declining absolute mobility, and an "underserving rich" seemingly isolated from the widespread malaise, they find claims about merit or "just deserts" implausible, even if they recognize the talents of those at the top of the income and wealth ladder. In all of these ways, the libertarian approach represents a great divergence from our widely shared values.

V. Personal responsibility in WTA

It is important to note that, in the context of SWO, the divergence between libertarian personal responsibility and American public philosophy matters little. In SWO, Schmidt's distinction between taking responsibility and being held responsible will be of comparatively little import, since the failure of individuals from poor or working-class families to achieve a better life for themselves or their families will (in most cases) justifiably be a source of praise or blame. In such a society, people who are encouraged to believe that they are responsible for their situation, as Hayek recommends, will in many ways be responsible for their situation, according to Hayek's own conception of merit. In SWO, policies that hold individuals accountable for their character mirror those that compel them to take personal responsibility. In this way, libertarian theory might be said to track the "bootstraps" reading of American public philosophy of markets, a view that was quite common among midcentury analysts writing during several decades of comparatively equitable growth (McCall 2013).

In the context of WTA, by contrast, policies that encourage taking responsibility, or treat people as though they are responsible for their social position, differ dramatically from those that make it more legitimate to hold an individual accountable for their efforts and willingness to work hard. In the political status quo,

moreover, opportunity indifference threatens the status, esteem, and social bases of self-respect of the poor or working poor who are subject to condemnation from fellow citizens. Though the distinction between taking responsibility and holding an individual responsible is clear enough, analytically, it is difficult if not impossible in practice to disentangle policies that encourage taking responsibility from those that treat individuals as though their success or failure reflects their responsible choices, deserves praise or blame, and so on. Their fellow citizens will see them as worthy of blame and, should public assistance be forthcoming, in need of paternalist intrusion in their lives and choices (Soss *et al.* 2011). In other words, the practice and politics of opportunity indifference exacerbates the negative externalities of our largely putative framework to personal responsibility,¹⁷ even as libertarian theory provides significant reason to deny that success or failure in markets is a matter of praise or blame.

In addition, it is doubtful that an ethic of personal responsibility can be maintained for long in a WTA society, even when notions of personal responsibility are utilized retributively to justify the denial of social welfare benefits. In such a context, both Smith and most Americans believe that those with great economic power have rigged markets in their favor, enabling them to take great advantage of incentive, information, and bargaining asymmetries (Boucoyannis 2013, p. 1055–1056). The issue for Smith (and Americans), *contra* luck egalitarians, is not that naturally talented workers are able to command a higher wage than others. Instead, he is concerned that markets be structured so that virtuous labor is liberally rewarded, which requires that workers possess the power (through rapid economic growth and government policy in favor of the worker) to counterbalance the ways in which profit-seekers use economic or political power to reserve the fruits of production for themselves. In such a society, personal responsibility is given consistent encouragement through rewards in the marketplace. Individuals will hold each other accountable, as success or failure will more closely mirror their effort or character, and the floor for those willing to work hard will keep getting higher.¹⁸ While Smith recognizes that people will at times profit from gifts or inheritance, well-ordered markets with equitable growth are structured to incentivize the market-specific virtues that they depend upon for their efficient functioning. SWO both encourages people to take personal responsibility and makes it more reasonable to hold them accountable for their successes and failures.

The so-called Personal Responsibility and Work Opportunity Reconciliation Act of 1996, by contrast, undercut the bargaining power of American workers. As a result, it undermined, rather than furthered, the American ethic of personal responsibility. Absent such worker power, Smith predicts that rents and profits soar as wages for the majority of workers stagnate – precisely the reality we discussed in Chapter 1. In a society where material welfare and social position increasingly reflects social connections, access to capital, and political power, rather than virtues such as hard work, prudence, and honesty, it is only natural that an ethic of money-taking will come to replace an ethic of personal responsibility. Such a state of affairs is bound to erode the very sentiments necessary for a high-functioning economy

(Boucoyannis 2013, Bowles 2011, 2016).¹⁹ The basic point is so straightforward that it feels pedantic to make it: in communities where hard work is well rewarded or offers significant (realistic) hope for a better future, people are much more likely to work hard, to take responsibility, to invest in that future, and so on (Autor *et al.* 2019). When it isn't and it doesn't, they are less likely to do so.²⁰ Those who insist on an ethic of personal responsibility, while ignoring the structural conditions that make such an ethic meaningful, miss this basic point.

As such, libertarian personal responsibility is poorly suited to our present political and economic context. Confronted with a society that increasingly and manifestly violates the principles of rising tides and just deserts, Americans become increasingly hostile to or distrustful of whoever they feel can be plausibly blamed for such a systems failure. Expanding Smith's insights²¹ on the morally transformative power of widespread prosperity, Benjamin Friedman argues that economic growth – understood as a consistent rise in the standard of living of most citizens – tends to foster not only greater equality but also greater opportunity, tolerance of diversity, social mobility, and a commitment to fairness. These sentiments, in turn, make growth-creating public policy more likely. Friedman emphasizes the importance of growth rather than (merely) our absolute standard of living. Like Smith, whose focus is on the working poor, what matters most is the distribution of growth, that the gains are shared even by workers toward the bottom of the income and wealth ladder. The moral consequences of inequitable growth include the erosion of democracy and social solidarity, hostility to immigrants, and most generally (in the words of Smith) a corruption of our moral sentiments (Friedman 2005).

Smith worries that in a society of great inequality, people will come to emulate the rentiers rather than the workers. This problem is not unique to markets. Indeed, well-ordered market societies are inclined to avoid this tendency. The problem, instead, is when markets move from SWO to inequalities of wealth and power characteristic of mercantilist and feudal societies. In such societies “the rich man glories in his riches, because . . . they naturally draw upon him the attention of the world,” while “the poor man goes out and comes in unheeded, and when in the midst of the crowd is in the same obscurity as when shut up in his own hovel” (Smith 1976, p. 50–51). These tendencies, Smith argues, are “the great and most universal cause of the corruption of our moral sentiments” (Smith 1976, p. 61). As Dennis Rasmussen argues,

Smith suggests that extreme economic inequality tends to corrupt the morals of the very wealthy, who are freed from having to behave morally in order to earn the sympathy and approval of others, as well as the morals of the many others who admire these unadmirable individuals and/or strive to join their ranks, often through unscrupulous means.

(*Rasmussen 2016, p. 349*)

The moral of both Friedman's historical story and Smith's moral psychology is not a simplistic “growth is good” mantra. While a society with substantial growth

is (obviously) more likely than a stagnating economy to produce broad-based gains and hope for a better future, it's the distribution of gains, rather than the growth itself, that yields corresponding normative gains. Measures such as GDP per capita, as a result, can be tragically misleading in an economy where the gains remain highly concentrated.²² While the concern is not inequality or unemployment per se, it is distributional. Even before the Covid-19 crisis, as the economy continued to grow, a large share of the population was being left behind, losing hope that their efforts could lead to a better life for themselves and their children. "Deaths of despair," Case and Deaton argue, "reflect a long-term and slowly unfolding loss of a way of life for the white, less educated, working class." As unemployment rates rise and fall, in many parts of the country, and for many workers, what is happening instead is that a worse job is replacing a better one (Case and Deaton 2020). As we discussed in the previous chapter, this lack of hope is well founded. The rate of absolute mobility has fallen from its peak, at 90% to those born in the 1940s, to 50% to those born in the 1980s, with trends pointing to further decline for most recent cohorts (Chetty *et al.* 2017), exacerbated by the possibility of global great depression. Moreover, these lower-paying jobs are increasingly disconnected from the rest of the operations of the firm. As Case and Deaton write, a talented kid

can no longer work his or her way up from being a janitor to being a CEO, because the janitors and CEOs work for different companies and live in different worlds . . . outsourced workers are no longer part of the main company, they do not identify with it, and, in the evocative words of economist Nicholas Bloom, they are no longer invited to the holiday party. They cannot find pride, meaning, and hope in being a part – however humble – of a great enterprise.

(Case and Deaton 2020 p. 165–166)

Despite Smith's concerns, those who remain reasonably hopeful or optimistic about positive change continue to push for expanded opportunities, to try to make existing markets more closely resemble SWO. Rather than treating the outcomes of existing market institutions as the product of our responsible choices, they attempt to restructure our political and economic institutions to secure more equitable growth (Page and Jacobs 2009, McCall 2013). For those who pair the belief that American society is broken with pessimism about the possibility of positive change through the democratic process or other forms of collective action, however, such anger results in a dramatic rise of hopelessness, including what economists Angus Deaton and Anne Case refer to as "deaths of despair." Deaton and Case document the impact of cumulative decline and disadvantage in the labor market on individuals, families, and communities. Among white Americans in particular, declining rates of mortality among children and the elderly, and improvement in outcomes for cancer and heart disease, have been more than offset by a rapid rise in deaths from suicide, alcohol, and drug use (Case and Deaton 2015, 2017a, 2017b, 2020).²³ The result is that life expectancy for Americans in 2014 and 2015 actually declined

for the first time in generations, driven entirely by the rapid rise in mortality of white Americans without a college degree. These “deaths of despair,” Case and Deaton argue, “come from a long-standing process of cumulative disadvantage for those with less than a college degree. The story is rooted in the labor market, but involves many aspects of life, including marriage, child rearing, and religion” (Case and Deaton 2017b, p. 398–399).

My point is not to deny that people are responsible for their choices in the context of WTA. One of the great virtues of Tommie Shelby’s work on ghetto poverty, for example, is his insistence on defending the agency and providing an account of the responsibility of even those who most suffer from injustice.²⁴ Another is its consideration of political ethics, which directs critical attention to those most responsible for ongoing injustice in the status quo, rather than putative approaches that mostly (or exclusively) focus on the conduct and character of the disadvantaged (Shelby 2016).²⁵ It is beyond the scope of this work to provide a political ethics of those who benefit from or suffer from injustice. My claim, instead, is that it is crucial to recognize the role that economic realities play in structuring individual choices and, as a result, the devastating consequences of our failure to adapt our public philosophy and public policy to a changing economy. Both individually and collectively, we need to recognize our responsibility, not only to make the best of good and bad fortune, but also to bring about the sort of social and economic context that best enables others to exercise their moral agency in a positive way. In many ways, it is Americans of great wealth and power, rather than the poor and working poor, who most fail to take such responsibility. This analysis furthers Friedman’s conclusion that “America’s greatest need” is restoring the midcentury reality of broad-based economic growth, “and thereby over time the confident perception that our people are moving ahead” (Friedman 2005, p. 436). In many cases, such hope is literally a matter of life and death.

VI. Conclusion

The problems with libertarian personal responsibility that I describe here are not due to the implausibility of different versions of libertarianism as abstract, decontextualized theories of justice.²⁶ Nor do they reflect, as may be the case with prominent luck egalitarian accounts, the difficulty (or impossibility) of understanding the practical or policy implications of libertarian theory. In addition, they are not due to political feasibility. Given the seeming (though empirically dubious) practical overlap with meritocratic conservatism, it may be possible in many cases to convince people to adopt preferred libertarian policies. The problems, instead, concern the moral externalities of the practice of libertarianism, given the political and economic realities of the contemporary United States. Simply put, libertarian personal responsibility is poorly suited to our present condition. This analysis makes vivid one of the central insights of this book: that the economic and political realities of a given context are essential to any moral or political philosophy that attempts to articulate principles of justice that apply in that context.

If Americans value personal responsibility, or simply want to stem the rapid rise of hopelessness and deaths of despair, they cannot be opportunity- and distribution-insensitive, even if policies that enable a broader sharing of the fruits of economic growth at times come into conflict with compelling (in the abstract) notions of freedom, responsibility, and justice. Nor can they fail to address the economic fallout from Covid-19, including rising unemployment and market consolidation. We need a public philosophy of markets that not only does not deny individual agency but also recognizes the ways in which economic trends both exacerbate the negative externalities of putative approaches to personal responsibility and make it harder for individuals to see their success or failure as the product of their choices. In the next chapter, I argue that trends toward WTA also compel us to rethink our ideas of equality and opportunity, giving priority to one among a number of principles captured by our consistent invocation and support of the American Dream.

Notes

- 1 For good reason, as I argue in Chapter 6.
- 2 Where principles of justice are fundamentally normative, in the sense that they provide a story about what citizens *ought* to believe. If citizens believe something else, so much the worse for them (and society), but these mistaken beliefs do not change the structure and subject matter of political philosophy itself. After all, simply because people believe something doesn't mean that those beliefs are right or true. A political philosophy that took such beliefs as fixed or given, moreover, would be troublingly conservative.
- 3 Which is likely to be far more useful if the data collectors and analysts are sensitive to different characterizations of these concepts. See also (Sen 2009, Ch. 3).
- 4 We see a similar distinction in Adam Smith between a "thin" set of ultimate principles or truths of human nature and the bulk of normativity, moral sentiments or "social passions" which evolve over time and depend both for their force and their realization on the institutional realities that individuals find themselves in. See also (Schliesser 2017).
- 5 In addition to demographic shifts to an older, more racially diverse, and more educated population. For more on the (typically marginal or countervailing) impact of these shifts, see (McCall 2013, p. 105–112).
- 6 Though this aspect of our public philosophy may also be evolving, as so-called millennials, who have not experienced a sustained period of equitable growth during their lifetimes, seem less committed to the virtues of markets, even as their views about inequality don't differ a great deal from those of earlier cohorts. See recent analysis by the Pew Research Center. www.people-press.org/2018/03/01/the-generation-gap-in-american-politics/. See also www.economist.com/leaders/2019/02/14/millennial-socialism. Last Date of Access 10 August 2020.
- 7 My point, of course, is not that Americans are devoted readers of Adam Smith – as a whole, Americans know very little about Smith, apart from the odd reference to the invisible hand. Nonetheless, Smith's morality of the marketplace parallels American sentiments in a number of fascinating and illustrative ways.
- 8 In this section and the next, I argue by reference to the work of prominent luck egalitarians and libertarians. My argument does not preclude an author from writing an alternative characterization of luck egalitarianism or libertarianism that does not face these issues. The terms "luck egalitarian" and "libertarian" – like liberal, conservative, republican, relational egalitarian, and so on – often function as a kind of family resemblance between different political theories rather than positing or depending upon a set of necessary and sufficient conditions for a theory being genuinely "libertarian" or

whatever. Indeed, when theorists or actors (whether proponents or critics) do the latter, this definition is invariably contested.

- 9 Andrew Kaufman interprets (or reconstructs) the work of Dworkin, Arneson, and Cohen to show that they rarely if ever need entail the results that Anderson finds so problematic. According to Arneson, equal opportunity for welfare requires that each person face “effectively equivalent options” (Arneson 1989, p. 86). Citing Arneson’s theory, Kaufman writes that

options are *effectively* equivalent even when their expected values are equal and *persons are equal in their ability to choose reasonably among the options available*. More precisely, they will not have realized equal opportunity for welfare if (i) they are ‘not on a par’ with others in their ability to negotiate among options and (ii) their lesser ability to negotiate is not due to a cause for which it is *appropriate to hold them responsible*.

(Kaufman 2004, p. 822, *italics in original text*)

From this analysis, Kaufman concludes that it is reasonable to assume that those not yet assured equal opportunity for welfare should be held responsible only for choices grounded in their “ideally considered preferences.”

- 10 Nothing I’ve written here precludes alternative “luck egalitarian” or responsibility-sensitive understandings of justice that do not face these issues. Indeed, the theory and practice of just work itself is sensitive to considerations of personal responsibility.
- 11 Mounk’s concerns here parallel work by relational egalitarians, including Jonathan Wolff and Avner de-Shalit. The issue here concerns what Wolff and de-Shalit call “the exoneration view” of justice and personal responsibility. According to such a view, individuals can be held responsible for their choices only if they take place in the context of equality of opportunity. The implication is that, in a society where that equality is not a reality, individuals are not responsible for their success or failure (Wolff and de-Shalit 2011).
- 12 In response to this fact, luck egalitarians might respond: so much the worse for our beliefs about justice. The goal of political philosophy is not to articulate and refine our convictions about freedom, equality, and opportunity. Instead, the goal is to discover the truth about principles of justice, which depends neither upon what people believe nor upon what it would mean to put such principles of justice into practice. For more on this response, see Chapter 6.
- 13 According to the Libertarian Party website, “Libertarians believe in, and pursue, personal freedom while maintaining personal responsibility” (www.lp.org/faq). In his introductory text, Jason Brennan writes, “Libertarians advocate *responsibility*. In a free society, people must take responsibility for their own decisions. They must not externalize the cost of their bad decisions onto others” (Brennan 2012, p. 4). At the launch of his campaign for president, libertarian Rand Paul triumphantly declared to his supporters that, “with your help, this message will ring from coast to coast, a message of liberty, justice and personal responsibility” (www.realclearpolitics.com/articles/2015/04/07/full_text_of_sen_rand_pauls_campaign_launch_126179.html). Last Date of Access 10 August 2020. Following Brennan, I use the term “libertarian” broadly, instead of, following Tomasi (2011), reserving the term “libertarian” for those, on the Right or the Left, who leave a central place for the self-ownership thesis in their theories of justice. Referring to this approach as the liberal or classical liberal approach would probably create more terminological confusion than it would eliminate.
- 14 www.nbcnews.com/politics/politics-news/meet-arthur-brooks-republican-partys-poverty-guru-n305951 Last Date of Access 10 August 2020.
- 15 www.c-span.org/video/?307005-1/mitt-romney-naacp-annual-convention
- 16 He does stress the importance of equal treatment, at least in the sense of equality before the law.
- 17 “Where the institutions of the welfare state,” as Mounk writes, “have, to a striking extent, become a tool for rewarding those who have supposedly acted responsibly and punishing those who have supposedly acted irresponsibly” (Mounk 2017, p. 23).

- 18 Moreover, Smith reasons that though “a person may be very easily misrepresented with regard to a particular action . . . it is scarce possible that he should be so with regard to the general tenor of his conduct” (Smith 1999, p. 193).
- 19 See also Matthew Yglesias, “Who Killed Hard Work and Personal Responsibility?” <http://thinkprogress.org/yglesias/2011/11/05/361951/who-killed-hard-work-and-personal-responsibility/> Last Date of Access 10 August 2020.
- 20 For two compelling case studies, one focused on predominately black urban communities and the other on predominately white suburban and rural communities, see (Wilson 1996, Vance 2016).
- 21 See (Friedman 2005, esp. p. 49–51) for Smith on the moral consequences of growth.
- 22 As an example, Friedman notes that though the American economy continued to grow from the early 1970s (and unemployment was typically low),

[y]oung men entering the American job force in the 1970s started off their working careers earning two-thirds more, on average, than what their father’s generation made starting out in the 1950s . . . by the early 1990s young workers were starting out at one-fourth less than what their parents’ generation had earned.
(Friedman 2005, p. 7)
- 23 A situation, as we will discuss in Chapter 4, that mirrors the sense of hopelessness observed in many urban, primarily African-American communities hit hard by deindustrialization (Wilson 1996, 2009). More below.
- 24 Shelby recalls a long tradition of black thought focusing on the responsibility of the oppressed, including Frederick Douglass, Harriet Jacobs, Maria Stuart, and David Walker.
- 25 See also (Young 2011).
- 26 Though nothing I write here precludes such criticism.

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3

THE AMERICAN DREAM REVISITED

The *American Dream*, that dream of a land in which life should be better and richer and fuller for every man, with opportunity for each according to his ability or achievement. It is a difficult dream for the European upper classes to interpret adequately, and too many of us ourselves have grown weary and mistrustful of it. It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position.

– James Truslow Adams 1931

Justice is done when we level the playing field at the starting line and rewards are proportionate to merit and effort.

– Paul Ryan 2011

So often we overlook the work and the significance of those who are not in professional jobs, of those who are not in the so-called big jobs. But let me say to you tonight that whenever you are engaged in work that serves humanity and is for the building of humanity, it has dignity and it has worth.

– Martin Luther King Jr. 2011

The prudent penniless beginner in the world, labors for wages for a while, saves a surplus with which to buy tools or land, for himself; then labors on his own account another while, and at length hires another new beginner to help him. This . . . is free labor. . . [which] opens the way for all – gives hope to all, and energy, and progress, and improvement of condition for all.

– Abraham Lincoln 1953

The fundamental promise of America is that if you work hard, you'll be able to build a better life not just for yourself, but for your children and grandchildren.

– Barack Obama 2008

I. Two principles of equality and opportunity

This chapter concerns the American Dream. Rather than a systematic public philosophy, the American Dream functions as a kind of organizing concept that captures two different senses of equality and opportunity, which I call *fair race* and *just work*. My main goal here is not to defend one of them as the true, best, or most American principle of economic justice. Instead, I consider what the changes to American economy described in Chapter 1 entail for these widely recognized principles of our public philosophy. Recall that for several decades Americans have witnessed the transformation from a comparatively egalitarian economy that produces rapid, broad-based gains from economic growth to one of growing inequality, where winners take home most of those gains. Inspired by Adam Smith's normative vision of a free and equal market society, I call the first society a Smithian well-ordered society (SWO). In SWO competition, economic growth, and worker-friendly legislation mitigate the power of landlords and wealthy merchants. As a result, it liberally rewards market-specific virtues such as industry, honesty, and prudence. In such a society, poor and middle-income people who are willing to work hard could reasonably expect a better standard of living for themselves and their children, with growing wealth, security, and leisure and family time. In Chapter 2, we saw that SWO captures widespread American beliefs about how market societies should operate. In some ways, the midcentury American economy was closer to this vision than at any other time and place in human history.

American society continues to drift further and further from this vision. Slower economic growth contributes to rising income and wealth inequality, as the return on capital increasingly exceeds growth throughout the economy, and the ownership of capital is very highly concentrated. In part to address principal-agent concerns, owners of physical or digital capital share their returns with a select number of highly skilled and well-connected owners of human capital. Technological change, including advances in shipping and communication as part of a rise in mass markets, produces a highly polarized labor market, with high demand for some workers and a large class of lower-skilled workers more or less frozen out of the income gains from economic growth. Even when we compare workers of comparable human capital development, we find that small differences in skill, networks, and luck lead to giant differences in reward. In part due to our conservative political institutions, leaders have largely failed to rise to the challenge posed by these and other interconnected trends. The result is a steady drift of American society away from SWO and toward a winner-take-all society (WTA). In WTA, income and wealth inequality is large and growing, with the gains from economic growth highly concentrated. Covid-19 threatens to exacerbate many of the worst aspects these trends, while leaving large segments of the population indefinitely unemployed. With this transformation in mind, let's consider two alternative understandings of the "American Dream."

II. Fair race: A meritocratic principle

On the fair race conception, justice is served when individuals possess a fair chance to acquire inherently scarce goods, including positions of wealth, power, or esteem. On McCall's taxonomy from the previous chapter, we can think of this principle as a combination of *level playing field* and *equal treatment*. A society is just to the extent that (to use a common sporting metaphor) the playing field is level, where effort, talent, and ambition matter more than family position and privilege. This conception of equality and opportunity continues to animate American political discourse across the ideological spectrum. For generations of conservatives, it distinguishes the American idea of justice from left-wing or socialist alternatives that focus on equality of "outcomes." Making precisely this contrast, former Speaker of the House Paul Ryan argues that for Americans, "justice is done when we level the playing field at the starting line and rewards are proportionate to merit and effort" (Ryan 2011). That Ryan would characterize justice in this way is not surprising when we recognize widely held American beliefs about markets, including the meritocratic conservatism that we discussed in the previous chapter. Indeed, this distinction between equal opportunity and absolute or outcome inequality is shared by countless political actors and political theorists, including many to the left of Ryan in most respects (Arneson 1989, Roemer 1998, Segall 2014, Cohen 1989, Galston 1986, Mason 2006, Tan 2012). Political theorists will immediately recognize the similarity between Ryan's characterization of justice and John Rawls' principle of fair equality of opportunity (FEO). Rawls writes,

supposing that there is a distribution of native endowments, those who have the same level of talent and ability and the same willingness to use these gifts should have the same prospects of success regardless of their social class of origin, the class in which they are born and develop until the age of reason.
(Rawls 2001, p. 44).¹

This conception is more or less a rephrasing of James Truslow Adams' famous characterization of the American Dream, where "each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position" (Adams 1931, p. 404). While the fair race conception does not consider as unjust the inequalities that arise from differences in "native" or "innate" talent, proponents recognize that justice also concerns the resources available to cultivate those talents and abilities – in Rawls' terminology, "primary social goods." Central among these resources are educational and developmental opportunities. The 2008 Republican candidate for president, John McCain, for example, understands himself as a "champion [of] the cause of equal opportunity in America" (McCain 2008). Equal opportunity is not limited to nondiscrimination. Instead, McCain states that he "understands that we are a nation committed to equal

opportunity, and there is no equal opportunity without equal access to an excellent education” (McCain 2008). For this reason, recent Democratic candidate for president Hillary Clinton places educational opportunities, including early childhood education and higher education, at the forefront of her campaign platform. In her formal declaration of candidacy, she argued,

We have got to have early childhood education, especially for poor and disadvantaged kids . . . everything I’ve seen . . . is that quality pre-school programs can help level the playing field for poor kids, for disadvantaged kids. . . . Every child should get the same opportunity.

(Clinton 2016)

Before turning to an alternative understanding of the American Dream, it is important to be clear about what fair race cannot entail in practice. Proponents of fair race cannot mean that, provided justice is served at what Clare Chambers calls the moment of equal opportunity (Chambers 2009), it would be wrong to tax some who are relative winners and spend it on others who lost out. One problem with this understanding is that in practice every “outcome” is also an “input.” If each winner of a fair race is entitled to keep the fruits of their labor and spend them as they see fit, then over time the idea of a fair race is unsustainable. After all, many winners of the previous race will then use those resources to give others, most notably their children, an advantage in subsequent races. A commitment to fair race depends upon meeting the ongoing need to collect resources from the “winners” in order to ensure subsequent fair races.

Chambers argues that drawing such a line is arbitrary and, in many cases, counter to the reasons we have for valuing equal opportunity in the first place.² While my goal is not to defend theories of justice that focus on fair race, it is important not to overstate the implications of difficulties in defending a particular moment of equal opportunity. Even if drawing such a line (say, at age 25) may appear arbitrary relative to other plausible candidates (24, 22, 18?), we don’t need to conclude that policies that mitigate unequal opportunities at various places on the timeline make no difference as part of a pluralist (as opposed to monist) understanding of justice.³ Moreover, while most Americans do not consider parental skill and habit transmission a form of injustice⁴ – or, alternatively, believe that fair race is at times overridden in practice by other values – they need not deny that there is something unjust or un-American about a political economy where success or failure is essentially determined by parental resources. Nor need they deny that policies that mitigate developmental inequalities (such as widely accessible early childhood education and development programs), make higher education more widely accessible, or prohibit discrimination in hiring make society more just by making opportunities more equal. Even if upon further inspection few would affirm fair race as a monist conception of justice or one that takes absolute (or lexical) priority over other principles and interests, it is clear that fair race captures an important part of our invariably pluralist public philosophy. A pluralist theory of justice proceeds from

the recognition that both individuals and collectives affirm a number of different principles of justice, which may come into conflict with one another, at least in some cases. For the pluralist, then, the question becomes: when and why does a particular principle take priority over another? Before returning to this question, let's consider an alternative conception of the American Dream.

III. Just work: A relational principle

When Americans invoke the American Dream, they sometimes mean something quite different than a fair race. President Barack Obama argues that an equal opportunity America is an America where hard work is a ticket to the middle-class – and you can make it if you try (Obama 2008). This principle, which I call *just work*, has long been essential to American public philosophy of markets. Instead of asking whether or not inequalities reflect talent, effort, and ambition, just work focuses on the set of mutually achievable options available to Americans, and the ability of all Americans, regardless of race, class, and gender, to exchange hard work for a middle-class life. Just work is also about opportunity. Where the equality component comes in is not in leveling the playing field or equalizing the option sets for all citizens. Instead, the idea is that citizens are equal in the sense that all possess the basic opportunity to turn such work into at least a middle-class standard of living for themselves and their family.⁵ It is unjust for some citizens to possess this opportunity while others do not.

“Middle-class” is a context-relative, moral concept that concerns not only the “absolute” wealth and welfare of workers, but also their overall share in fruits of economic growth.⁶ As a principle of equality and opportunity, just work does not trade on envy for those better off or pity for the unfortunate. Nonetheless, it is fundamentally relational, as all Americans recognize that the skills and resources necessary to be middle-class today are different than those of 100 years ago. Built into this standard is the concern for equitable growth that, as we saw in the previous chapter, explains our dynamic beliefs about both the fairness and the efficiency of economic inequality. According to just work, the fruits of growth should lead to widespread improvements in living standards from one generation to the next, rather than some absolute threshold that holds for all times and places, above which equal opportunity has nothing to add. Society is unjust when it leaves much of the hard-working population out of these gains. Lower- and middle-income Americans, in turn, should not have to shoulder most of the costs of declining or stagnating growth, while a small percentage of the population (those who have the most power and therefore the most responsibility for our growing or declining economy) continues to distance themselves from their fellow citizens. As such, while equitable growth stands as a useful, initial proxy that a society is not moving in the wrong direction, the principle of just work in no way depends upon rapid, steady growth.

Central to Americans' understanding of a middle-class life is economic security and stability, with 94% of us agreeing with the statement “In America, hard work

should lead to economic security for your family” (Brookings Institution 2008). The principle of just work captures the fact that for Americans, as Jacob Hacker writes, “economic security is vital to economic opportunity, and economic insecurity is one of the greatest barriers between American families and the American Dream” (Hacker 2006, p. 9). Indeed, in a recent survey by the Pew Foundation, 85% of Americans reported that financial stability was personally more important to them than moving up the income ladder (Pew Charitable Trusts 2011). Rank, Hirschl, and Foster summarize these attitudes, building upon survey data and their own extensive interviews. They write:

There was a strong sense of the importance of this bargain – that the American Dream is about an exchange between working hard, on the one hand, and reaping the rewards of one’s efforts on the other. The rewards themselves are largely seen within the context of economic security and well-being. They include a job that pays enough to support a family; being treated with respect at work; owning your own home; having affordable and quality health care; being able to ensure that your children will have the opportunity to succeed; and a secure and dignified retirement. In each of these cases, over 85 percent of Americans felt that these were very important components of the American Dream.

(Rank et al. 2014, p. 29)

For most Americans, these aspects of the American Dream are significantly more important than fair race, including the opportunity to rise to the top through their superior efforts or abilities.

It might be useful to distinguish just work, as I use the term here, from concerns over meaningful work. Few would deny that some forms of work are more meaningful or personal than others. Some jobs offer greater potential for personal growth and development, more opportunity to use our human creativity, and a stronger sense of community (Gheaus and Herzog 2016). Some workers feel deeply connected to their work, while others treat it as merely a means to an end. All things being equal, we have reason to collectively support efforts to enable a larger portion of the workforce to perform more meaningful (or less alienated) labor. Nonetheless, proponents of just work contend that, even in the absence of such opportunity, all workers have dignity. What truly makes labor menial, as Martin Luther King Jr. argues, is inadequate compensation. Addressing striking sanitation workers in Memphis in 1968, King declared:

You are demanding that this city will respect the dignity of labor. So often we overlook the work and the significance of those who are not in professional jobs, of those who are not in the so-called big jobs. But let me say to you tonight that whenever you are engaged in work that serves humanity and is for the building of humanity, it has dignity and it has worth.

(King 2011, p. 157–158)

Even if modern economies do not produce the sorts of jobs that enable everyone to perform creative, personally meaningful (paid) work, market societies that enable all citizens to claim their share of the fruits of economic growth better reflect that dignity than those that do not. A market society where citizen working families are unable to cross a context-relative quality of life threshold – including wages, economic security, leisure, availability of education and health care⁷ – fails to do so. In a society where some fall short of that threshold, equitable growth at least provides hope for a better future, along with the ability of workers and their families to walk in public with their head held high, taking pride in the fruits of their just work. Indeed, Obama himself makes this contrast between an equitable growth America where “every American shared in the pride and the success – from those in executive suites to those in middle management to those on the factory floor” to one where “fewer and fewer of the folks who contributed to the success of our economy actually benefited from that success” (Obama 2011). For poor and working-class families, such equitable growth makes possible the “fundamental promise of America . . . that if you work hard, you’ll be able to build a better life not just for yourself, but for your children and grandchildren” (Obama 2008). By contrast, a market society clearly fails to respect the dignity of workers when the gains are so inequitable that people watch a segment of the population leave them behind, while their wages barely keep up with inflation. As we saw in the previous chapter, it also fails to provide the kind of hope for a better future that is so central to the moral psychology of personal and social responsibility. This widespread concern, as Senator Elizabeth Warren puts the point, is reflected in the fact that

as the country has gotten wealthier, and as the number of billionaires has exploded, the average man working full-time today earns about what the average man earned back in 1970. Nearly half a century has gone by, and the guy right in the middle of the pack is making about what his granddad did.
(Warren 2017).

Among the side effects of these trends, once again, is the rapid rise in deaths of despair (Case and Deaton 2020).

Here Obama and Warren echo speeches of perhaps the most well-known American proponent of *just work*: President Abraham Lincoln. Lincoln writes, “When one starts poor, as most do in the race of life, free society is such that he knows that he can better his condition (Lincoln 1953, Book 4, p. 24–25). While Lincoln frequently invokes the concept of a “race of life,” justice, for the famous “rail-splitter Republican,” does not reduce to competitive fairness (Illuzzi 2014). Instead, in a free and equal society,

The prudent penniless beginner in the world, labors for wages for a while, saves a surplus with which to buy tools or land, for himself; then labors on his own account another while, and at length hires another new beginner to

help him. This . . . is free labor. . . [which] opens the way for all – gives hope to all, and energy, and progress, and *improvement of condition for all*.

(Lincoln 1953, Book 3, p. 478–479, *emphasis added*)

By “opening the way” and “giving hope” to all, Lincoln does not mean a fair race WTA society where everyone has a chance or hope but most the of the gains are concentrated among a few winners, regardless of how prudent and hard-working the rest of us are. Instead, a free society presents all of its citizens the opportunity to achieve a middle-class life, one that reflects their status as free and equal citizens, while their fellow citizens do the same.

Lincoln’s conception of free labor highlights another feature of just work. His conception is relational, in the sense that labor is free to the extent that workers are not subject to or dependent on the whims and wills of others. For Lincoln, such freedom can best (perhaps only) be achieved if most citizens are (eventually) able to be their own boss, to farm their own land or own their own shop. Lincoln here recalls the writings of Thomas Jefferson and James Madison, who spent much of their lives arguing that America remain primarily an agrarian economy comprising self-sufficient farmers. A manufacturing or service-based economy, they argued, with most of the population dependent on the owners of capital for the income necessary to support themselves and their families, would inevitably corrode the virtues necessary for citizens of a democratic republic, and lead to material inequality that is incompatible with democratic self-government and the dependence of industrious workers on owners that made them easily manipulated (Sandel 1998, Skinner 1998).⁸ Jefferson writes, in a quote frequently taken out of context, that “dependence” on such a wage and the will of another,

begets subservience and venality, suffocates the germ of virtue, and prepares fit tools for the designs of ambition. . . . While we have land to labour then, let us never wish to see our citizens occupied at a work-bench.

(Jefferson 1998, p. 290–291)

Though they raise concerns for the sort of economic relations endemic to modern capitalism, it is important not to see the concerns of Jefferson, Madison, and Lincoln as inherently antimarket. Indeed, John Locke, Thomas Paine, and others praise markets precisely for their ability to free citizens from economic domination. Locke argues, in an extremely radical (some even argue blasphemous) view in 17th-century England, that *all* humans should have a fundamental right to property. Widely dispersed private property, relative to a feudal order where land remained the dominion of a small set of lords, furthers individual freedom from domination, from the arbitrary power of others. With this purpose in mind, however, private appropriation is justified only insofar as “there is enough, and as good” left for others (Locke 2003, p. 112).⁹ Otherwise, the institution of private property can be used as an instrument

to enable domination, rather than one that secures freedom from domination. Locke argues that

a man can no more justly make use of another's necessity, to force him to be his vassal . . . than he that has more strength can seize upon a weaker, master him to his obedience, and with a dagger at his throat offer him death or slavery.

(Locke 2003, p. 30)

Deeply influenced (as many of the “founding fathers” were) by Locke, Jefferson adds, “and with the laborers of England generally, does not the moral coercion of want subject their will as despotically to that of their employer, as physical constraint does the soldier, seaman, or slave” (Katz 2003, p. 14). This concern – central to Jeffersonian republicanism and Paine’s *Agrarian Justice* (2005) – provided a principal justification for the Louisiana Purchase and the later Homestead Act and Morrill (“Land-Grant”) Act (Gourevitch 2015).

The gigantic moral overlap between these foundational thinkers – arguably the most important figures in the history of American public philosophy – is striking. Concern for economic domination as is American as apple pie. Recognizing this fact, it is not surprising that Smith also attaches great moral importance to the relations between different participants in economic life, building them into his arguments for free markets. In his most widely quoted passage Smith argues that

[i]t is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens. Even a beggar does not depend upon it entirely.

(Smith 1999, p. 119)

A central virtue of markets is the parity of power between different participants. In the feudal system, serfs functioned more like beggars than free men, while mercantilism enables all kinds of domination. As such, the welfare of workers was in crucial ways dependent upon the good will of their lords and masters. By contrast, markets provide the

liberty and security of individuals . . . who had before lived almost in a continual state of war with their neighbors, and of servile dependency upon their superiors. This . . . is by far the most important of all of their effects.

(Smith 1999, Vol. 1. III 4.4.)

Butchers, bakers, and brewers (and their customers) relate to each other as relative equals. As such, they need only appeal to their mutual advantage, while relying on

widely shared moral sentiments and communal accountability to enable the sort of fair and honest business practices most conducive to the efficient functioning of markets (Herzog 2011, 2013, Gintis *et al.* 2005, Bowles 2011, 2016, Heath 2014). In Elizabeth Anderson's terminology, such a market society is one where citizens enjoy comparatively equal authority, esteem, and standing (Anderson 2017).

As Anderson makes clear, the Industrial Revolution in many ways shattered Jefferson, Paine, Locke, and Lincoln's vision of a property-owning republic, an economy of self-sufficient farmers, artisans, and shopkeepers. Technological innovation and economies of scale enable the rise of large economically and politically powerful firms that function (as Anderson provocatively argues) as "private governments" that exercise arbitrary and unaccountable power over their workers. In these firms, owners and managers fire or hire (and promote or demote) workers based on whether they show proper deference to their bosses, share their politics, post messages they like on Facebook, and a variety of other reasons unrelated to performance at work or the solvency of the firm (Anderson 2017). Anderson's analysis may emphasize too strongly Smith's example of the butcher, brewer, and baker. Even in Smith's time, larger firms were rapidly replacing markets ruled by independent owner-proprietors. Nonetheless, those concerned with just work must recognize that the Industrial Revolution ushered in a political economy of collective and hierarchical economic structures, with large politically and economically powerful firms, rather than the egalitarian vision of early proponents of markets. These facts, I argue, should not lead us to reject markets as the primary mechanism for production and distribution. They do, however, provide significant reasons for adopting policies that counter political and economic trends that take us from SWO to WTA.

IV. The economics of relational equality

The principle of just work captures much of the spirit of relational egalitarianism, as reflected in the work of Elizabeth Anderson, Samuel Scheffler, Jonathan Wolff, and others (Anderson 1999, 2010, Scheffler 2003, 2010, Wolff and De-Shalit 2007, Wolff 1998, 2015a, 2015b). In interesting and largely unexplored ways, relational egalitarians share libertarian concerns with the practical implications of a philosophy and politics of responsibility exoneration.¹⁰ Where Hayek argues that in most cases we will be ignorant of the particular circumstances that are essential to understanding whether a given individual is responsible for her situation (Hayek 1960, p. 138), Wolff argues that in most cases it will be disrespectful, an invasion of privacy, stigmatizing, and so on for agents of the state to collect all the relevant data to make a judgment of personal responsibility (Wolff 1998). Luck egalitarianism undercuts an individual's respect standing by forcing her to make "shameful revelations."¹¹ Unlike prominent luck egalitarians, for whom just institutions and justice-minded individuals (Cohen 1992, 2000, 2008) proceed according to the pre-political ideal of eliminating the effects of cosmic injustice, relational egalitarianism involves the "disposition to treat individuals in accordance with principles

that express, embody, and sustain relations of social equality” (Anderson 2010, p. 2). As Scheffler argues, “[W]e believe that there is something about human relationships that are, in crucial respects at least, unstructured by differences of rank, power, or status” (Scheffler 2010, p. 225).

Of course, such a characterization raises the question of when inequalities, which as Scheffler notes are ubiquitous in contemporary society, are inconsistent with relational equality or democratic citizenship. What sorts of equalities are “crucial”? As Kaspar Lippert-Rasmussen notes, relational egalitarians are not always clear and consistent on this point (Lippert-Rasmussen 2018). While lack of clarity is not a virtue, for reasons I discuss in Chapter 6, the unwillingness to present a single model of a “society of equals” certainly is.¹² What it means to succeed or fail and to relate to our fellow citizens as equal depends upon the social, political, and economic realities of that context, including what people there actually care about. In some spheres, including political freedom, relational equality demands absolute equality. For example, relational egalitarians argue that all citizens should have the basic right to vote and be treated equally before the law. In general, however, neither Americans nor relational egalitarians are concerned with “equality of outcome.” As I argue in Chapter 2, we are far more concerned that the gains from economic growth be widely shared, enabling us to exchange hard work for greater wealth, health, and security. As a central tenet of American public philosophy, just work is a useful way of characterizing and developing the economic core of relational egalitarianism, which is consistent with unequal income, wealth, happiness, and human flourishing. With respect to equality and opportunity, the fundamental normative concern is not a fair competition or a fair race. Instead, in Anderson’s terms, equality entails that everyone possess the opportunity for “effective access” to “levels of functioning sufficient to stand as an equal in society” (Anderson 1999 p. 318). In this way, Anderson’s conception of “democratic equality” parallels Obama’s use of the term “middle-class.” While such functioning is not guaranteed, effective access means that people can achieve such functioning if they are willing to put in the effort, “deploying the means already at their disposal” (Anderson 1999, p. 318). As Obama puts it, “America is a place, is *the* place – where you can make it if you try” (Obama 2008).

Relational egalitarians criticize theories of justice that accept the putative view of personal responsibility, focusing on the supposed lack of responsibility of the disadvantaged, and treat irresponsible choices as disqualifiers for “assistance.” As the preceding paragraph makes clear, however, they need not deny that our economic entitlements – including who has a right to which property – can be shaped in part by our choices. Relational egalitarianism focuses on the relative standing of citizens, not whether inequalities between those of relatively equal standing reflect effort or merit. As a result, from the perspective of luck egalitarians or meritocrats, a just society for relational egalitarians will functionally “treat” people as responsible for distributive purposes, not because they are responsible in the luck egalitarian sense, but because the justice isn’t fundamentally about whether distributive inequalities track a (prepolitical) understanding of merit or responsibility.¹³ Indeed,

relational egalitarians can extend this criticism to “progressive” luck egalitarian views that presuppose the putative view, then move from inequalities of opportunity to responsibility exoneration. Many ways of eliminating the role of choice in our less-than-equal-opportunity society fail to respect the dignity of individual agents. In short, the critical point is the way luck egalitarians use responsibility, not to claim that responsible choices don’t matter. As I argue in Chapter 2, a plausible view of justice in general, much less one that isn’t awful politics, needs to not deny individual agency but to recognize the ways in which economic trends exacerbate the negative externalities of putative approaches to personal responsibility, making it harder for people to achieve what they understand as a middle-class life.

V. The American Dream from SWO to WTA

Philosophers at times conceive of their work as articulating and defending central or ultimate principles of justice which, by reference to relevant work in the social and policy sciences, can then be applied by citizens and policy makers. Chapter 2 considers a number of concerns for such disciplinary division of labor. Working from a pluralist understanding of justice, my analysis here in a sense works backwards. Rather than presenting an abstract argument for fair race or just work¹⁴ – or stipulating in advance, as Rawls does, that one of them takes priority – I ask: what does movement from SWO to WTA entail for these different principles? By its structure, the political economy of SWO is more or less just according to just work. If individuals are willing and able to work hard, they will likely be able to achieve something like a middle-class standard of living. Since growth is substantial and the fruits of that growth are shared up and down the income and wealth ladder, most people can achieve a better future for themselves and their children. The political economy of WTA, by contrast, substantially undermines justice according to this standard. Even if most citizens are willing to work hard, a small percentage of the population – those with family wealth and connections, marginally superior skill or the opportunity to develop elite skills, or simply better luck – capture most of the gains of economic growth. As a result, for many citizens the promise that through hard work they can earn a better life for themselves and their children will go unfulfilled. Once again, in order for opportunity to be equal in the morally relevant sense (according to just work) there has to be set of *mutually achievable* outcomes where those who possess the relevant virtues will *at least* cross a minimum (context-relative) threshold of achievement: they will live a middle-class life.

In the process, movement from SWO to WTA strains the ability of participants in modern economies to relate to one another as equals. In SWO, equitable growth and worker-friendly legislation come together to mitigate the capacity for employers to exercise arbitrary and unaccountable power over their workers. Rapid growth produces great demand for workers to meet growing demand for goods and services, resulting in a larger labor share of the fruits of growth. When workers easily move from one job to another without losing their share of the benefits of growth, it is difficult for any individual or group of individuals to dominate their

fellow citizens. Legislation in favor of workers further counterbalances the power of wealthy landlords and merchants. In WTA, by contrast, those with physical and high-end human capital increasingly dominate markets, capturing much of the fruits of economic growth. In the process, they undermine (or prevent) legislation that favors the ordinary worker, using their power to shape the rules of the game to further their own interests: most basically, their ability to collect rent on the productive efforts of their fellow Americans. Moreover, since it is increasingly difficult for ordinary workers to find middle-class employment, the costs of “exiting” that employment become much greater. The respect and standing of workers decline along with their market power.

Analytically, the transition from SWO to WTA appears to tell us nothing about whether a society is more or less just according to the fair race standard. In SWO the fruits of economic growth are widely shared by different participants in the political economy, where richer and poorer families alike typically experience (proportional) gains from one generation to the next. Nonetheless, different participants may enjoy dramatically unequal opportunities to attain positions of greater reward, power, or status. If legal, structural, or historical inequalities privilege some over others in the attainment of those positions, many will see society as unjust or unfair.¹⁵ In SWO, it makes sense for citizens and policy makers concerned with justice to focus on policies that promote fair race. What would such policies entail? Most proponents of fair race emphasize the importance of educational opportunities. In his brief and scattered discussion of the practice of FEO, for example, Rawls argues that the principle could be used to justify universal education, including higher education, at the public expense (Rawls 1971, p. 73, 87, 278). This focus on education is not surprising. In addition to a variety of intrinsic (nonpositional) virtues of education, it also plays a central role in helping individuals attain the resources, including skills and connections, that enable individuals to succeed in a competitive marketplace. Recognizing these basic facts, whether in SWO or WTA, the argument for supporting policies that mitigate inequalities in access to a quality education, without leveling them down, is straightforward for those committed to fair race.

Moreover, if growing inequalities in income and wealth reflect the basic fact that some have access to university and professional education whereas others do not, then the policies directed at fair race will have the added side benefit of furthering just work as well. Proponents of human capital explanations of rising inequality, as a result, often focus on education. As economist David Autor notes,

[T]he earnings gap between the median college-educated and median high school educated among U.S. males working full-time in year-round jobs was \$17,411 in 1979, measured in constant 2012 dollars. Thirty-three years later, in 2012, this gap had risen to \$34,969, almost exactly double its 1979 level.

(Autor 2014)

Among US women, we see a similar trend, where the earnings gap nearly doubled in this time. This rising premium, he argues, reflects the fact that the supply of

college-educated workers, while growing, failed keep pace with the even more rapid demand for those workers. Much of the inequality we see, then, is due to declining access (including large cuts in per-student funding from state governments) to higher education precisely when the demand for employees with higher education and related skills exploded.

Nonetheless, it is important to recognize that a policy approach that focuses on educational opportunities is deeply limited in WTA. First, providing citizens with more, and more equal, educational opportunities will do little to further just work, even if it changes the identity of some of the winners in WTA. As Autor himself recognizes, since 2004 the rise in educational attainment (combined with other factors) halted the rise in the education premium (Autor 2015, Brinca *et al.* 2019). This suggests that we are approaching the limits of higher education as a tool for combating inequality. Moreover, the rise and subsequent leveling off of the college earnings premium reflects relative rather than absolute earnings. In the American context, the gap doesn't so much reflect the gains for most college-educated workers, relative to overall growth in the economy, but instead the collapse of the earnings of non-college-educated workers. The gains for workers in the 50th to 90th percentile, which includes most college-educated workers, have actually failed to keep pace with the rate of growth throughout the economy in general since 1980 (Piketty *et al.* 2017). In many ways their economic condition is far less secure than their parents'. The big gains from growth go to those at the very top. These winners of winners tend to be well educated, surely, but represent only a small fraction of the college-educated population.

In the process, as Joseph Fishkin argues, college degrees currently function as a giant bottleneck in American society; that is, "a narrow place in the opportunity structure through which one must pass in order to successfully pursue a wide range of values and goals" (Fishkin 2013, p. 13). Not surprisingly, as university education has become more crucial to success in our political economy, functioning as a kind of prerequisite for employment in many fields,¹⁶ the number of individuals pursuing that education has increased substantially. That increase, however, has been extremely unevenly distributed across class, understood in this case as parental wealth or income (Pell Institute 2016). Indeed, as Fishkin argues, short of a literal caste system, it would be hard to design a system where class would be as a severe a bottleneck. Combined with the growing importance of college education and the (not unrelated) rapid rise in tuition and fees, "a diabolical planner," Fishkin writes,

[w]ould further arrange even the four-year colleges in a status hierarchy and replace need-based aid with merit aid aimed at inducing students to attend a college where they stand out as an especially strong applicant – which is to say, a college just a little bit lower in the status hierarchy than the one that they might have chosen to attend if money were no object. Merit aid thus pulls students whose families are more price-sensitive downward in the

college status hierarchy, freeing up spots above so that children from less price-sensitive (and generally wealthier) families can move up.

(Fishkin 2013, p. 208)

Add to these practices the proliferation of unpaid internships that provide the entry point to many desirable paths to employment, and we have a potent cocktail of injustice from the perspective of fair race.¹⁷

Notice how such a bottleneck in class and higher education interacts with trends toward WTA. In SWO, Americans might consider such unfair races a great form of injustice, cementing the status and privilege of those who profit from that unfairness. Nonetheless, overcoming such unfairness would not be necessary in order to secure just work. In WTA, by contrast, this bottleneck also threatens the ability of much of rest of the population to secure a middle-class life, including economic security and opportunities for their children. Recall from Chapter 1 that WTA markets tend to reward on the basis of relative rather than absolute performance. The rise of mass markets drives up the salaries of top performers in a wide range of industries, while subsequently eliminating many jobs for those who don't make it to the top. Network and first mover effects, in turn, prevent individuals from making a living in the very industries where a select few similarly creative, talented, industrious individuals make a killing. In addition, much of the rise in inequality (particularly since 2000) reflects access to physical rather than human capital (Piketty 2013, Piketty *et al.* 2017). As we move closer and closer to Meade's "capitalist paradise," where the returns on capital outpace growth in the economy as a whole and ownership of capital is highly concentrated, the result is an economy where ownership (and inheritance) rather than labor is increasingly the key to success (Meade 1964).¹⁸ Even if we raise the absolute capabilities of much of the population, therefore, we can expect relatively little progress.¹⁹ In a WTA society, absolutely talented relative losers will still be left out of much of the gains of growth.

Next, the politics of WTA undermines the policy of fair race, including widespread, equal access to educational resources. To be sure, it is possible to conceive of a WTA society with a fair race, such that the winners deserve to win or are entitled to their winnings, according to a relevant standard of fairness. In fact, a society where just one individual captures most of the fruits of economic growth, with everyone else living in relative (or even absolute) poverty, is in theory consistent with fair race. My intuition is that most people, including prominent proponents of fair race conceptions of equality and opportunity, will consider such societies unjust, unfair, or decidedly not well ordered. Just work matters to most people, whether they recognize it or not. Even if this intuition is mistaken, however, WTA raises a problem for proponents of fair race. The problem is not that the concerns of fair race don't matter in WTA. Indeed, there is a sense in which they matter more than in SWO. Since trends toward WTA significantly raise the stakes of winning or losing the race, and no actual society will perfectly realize the ideals of fair race, WTA magnifies the impact of any unfairness in competition. Those with fewer

opportunities will see themselves as being functionally shut out of many of the gains of development. Not only do they not have effective access to positions of relative reward, this lack of access impacts their ability to secure for themselves and their children much else that they care about. An “unequal meritocracy” is a fertile ground for deaths of despair (Case and Deaton 2020).

The problem, instead, is that by raising the stakes of winning or losing the race, the economics of WTA militate against the institutional foundations of fair race. For reasons we discussed in the previous chapter, thoughtful analysts since at least Smith recognize that the distribution of the gains from economic growth influences the moral sentiments of individuals within a market society, including their commitment to justice. When faced with WTA, it is not surprising that parents will go to great lengths to hoard opportunities for their children, to make sure that they enjoy every advantage that the rigged game has to offer. The political economy of WTA, in turn, provides individuals greater opportunity to do so, as concentrations of political and economic power allow the “winners” to shape the rules of the game of markets to their own benefit. The product of a WTA economy, as a result, will likely be widespread efforts to undermine institutional innovations that helped to make the race fairer in the first place. These efforts go beyond giving care, attention, and resources to one’s children to help them to live healthy, flourishing lives.²⁰ Opportunity hoarding also includes structuring public policy, including education, housing, and tax policy, that denies much of the population the ability to compete on an equal footing, independent of any skills, traits, or virtues that parents might pass onto their children. Focusing on what he calls the “upper middle-class,” roughly the top quintile of wealth and education, Richard Reeves writes:

Opportunity hoarding is bad for society in the same way that commercial market rigging is bad for the economy. It is good that parents want the best for their kids, just as it is good that company directors want to make profits. But companies should make their profits by competing fairly in the marketplace. That’s why we stop them from forming cartels. In just the same way, we need to stop parents from rigging the market to benefit their own kids. Right now, the markets that shape opportunity, especially in housing and education, are rigged in our favor.

(Reeves 2017, p. 14)

While such opportunity hoarding may threaten the American Dream according to both fair race and just work, critics argue that there is, in fact, a large and normatively significant difference between the “upper middle class” and the big winners of WTA (Konczal 2017). Indeed, the efforts of the majority of upper-middle-class parents have functioned largely to help insure that their children secure a share of economic growth that nearly *all people*, across the income spectrum, secured in the midcentury American economy. While upper-middle-class individuals may at times support bad or regressive policies, focusing on the rearguard efforts of the professional class takes our attention away from structural changes in the economy

that largely benefit the big winners in WTA. It also ignores the way in which WTA engenders such opportunity hoarding by raising the stakes of unequal opportunities. Parents don't want their kids to be among the growing class of Americans left out of the fruits of economic growth, and will take great effort to secure them every advantage in a winner-take-all economy. Rather than focusing on such parental efforts to undermine fair race, then, a more fruitful policy approach will be to mitigate the costs of losing the race.²¹ In a just work society it is far easier for individuals committed to fair race to actually embrace policies that reflect that commitment. In SWO a better life for themselves and their children does not depend upon rigging the game in their favor.

VI. Conclusion

In SWO, it makes sense for both political actors and political philosophers to focus on fair race and advocate for the policies that further justice according to principle, such as expanding educational opportunities. The same might be true, at least strategically, for politicians whose target audience believes (and wants to believe) that American political economy still functions according to SWO.²² As societies move further and further from SWO to WTA, however, the concerns reflected in just work become more and more pressing, while the idea of a fair race increasingly fails to capture what most matters to citizens. In short, it fails to address the widespread concern for the sort of equitable growth that enables us, not only to relate to our fellow citizens (including the rich ones) as relative equals, but also to secure at least a middle-class life for ourselves and our families through a willingness to work hard. When the fruits of growth (or the costs of decline) are equally shared, Americans are less concerned about economic inequality, even as they recognize the role that networks and connections play in generating those inequalities. The point here is not that unfairness of race no longer matters. In a way it matters more, since WTA raises the stakes of winning or losing the race. In a world where access to educational resources plays a central role in individual success in a wide range of endeavors, inequalities in those resources present individuals with very different opportunities for a well-lived human life. Nonetheless, even if most people possess a fair chance at positions where work is well rewarded, as a society moves toward WTA, fewer and fewer will actually be able to attain such positions. The economics of WTA suggest that an institutional approach focused on educational opportunities (particularly higher education) will ultimately do little to ameliorate rising inequality.

Finally, when we take seriously the politics of WTA, rather than bracketing politics to focus on abstract or decontextualized philosophical or economic analysis, it becomes clear that even those who believe that the fairness of competition is all that matters for justice – rather than the distribution of the outcomes of that competition – need to address trends toward WTA. While separable in theory, the politics and policy of fair race cannot be maintained in a political economy where the promise of just work goes habitually unfulfilled. Both fair race and just work

remain part of our public philosophy. Their relative importance or urgency as a guide to public policy, however, varies according to other structural features of the economy. American public philosophy in the status quo must give greater attention to the concerns of just work. In the next chapter, I consider the role of trends toward WTA on persistent racial economic inequality in the US, which provide further reason to prioritize the politics and policy of just work.

Notes

- 1 Rawls famously pairs fair equality of opportunity with the difference principle, which concerns the range of distribution or the amount of economic inequality in a just society. See Chapter 6 for an extended comparison of just work and the difference principle, as well as the methodologies we use to defend these principles.
- 2 For a response to this line of argument, see (Sachs 2012).
- 3 A “monist” theory of justice reduces justice to a single value or principle. A society is just, then, to the extent that it reflects this principle.
- 4 It is widely recognized that the simple act of reading to your child regularly in early development can play a significant role in their cognitive and linguistic development, a key to future success in a variety of endeavors. Few of us, however, including diehard proponents of fair race, would countenance a public policy that forbid such activities (or mandated them, subject to government inspection) on the grounds that they create an unfair race, where one’s success is rooted in good fortune rather than innate talent or responsible choice. Of course, this fact in no way implies that all forms of parental partiality – such as bribing a college admissions board or a judge that is about to sentence a person’s child – are morally required or even permissible. Fortunately, my insights in this chapter do not depend upon settling these issues. See (Brighouse and Swift 2009, Bou-Habib 2014)
- 5 In other words, the opportunity for just work is understood more as an “meaningful option” – as in, I have been offered the opportunity to work for Company X if I want to – rather than a “chance,” which may imply a probabilistic understanding of just work.
- 6 By contrast, once again, with “middle-income,” the term I use to describe workers whose incomes are around the median in the status quo.
- 7 Alternatively, following Nobel Prize-winning economist Amartya Sen, Martha Nussbaum, and Elizabeth Anderson, we might conceptualize the threshold in terms of capabilities for human functionings, even if the available data largely focus on functionings themselves (Sen 1999, 2009, Nussbaum 2001, 2011). In short, my arguments in this chapter are consistent with alternative ways of characterizing and measuring just work, which, in any event, depend upon the relevant standards and concerns of citizens in a given context. For more on the practical implications of the principle in the contemporary United States, see Chapter 7.
- 8 Note the parallel to Smith’s concern, which we discussed in Chapter 1, that highly specialized division of labor can corrupt the virtues of ordinary education. While Smith argues for universal access to publicly funded education and support for the arts to counter these tendencies, Jefferson – perhaps because he is more concerned with independent citizenship – cautions against moving to such an economy in the first place.
- 9 Attempts to reformulate the Lockean proviso in welfarist terms ignore this central purpose.
- 10 See also (Preiss 2017).
- 11 Demanding that the unemployed document their failed efforts to secure employment, for example, may eliminate what remains of their self-respect (Wolff 1998, p. 114). In addition, Wolff and de-Shalit’s critical analysis of luck egalitarianism recalls libertarian concerns that certain approaches to justice and personal responsibility undermine an

- individual's ability to take pride in their achievements or responsibility for their failures in the status quo (Wolff and de-Shalit 2011).
- 12 See also (Wolff 2015a).
 - 13 Unlike prominent libertarian theories, however, for relational egalitarians the opportunities that individuals possess to succeed or flourish are essential to considerations of whether they can relate to one another as free and equal citizens. As such, relational egalitarianism, in addition to being closer to American public philosophy of markets, is far better suited to counter the negative impact of trends toward WTA. See also (Preiss 2017).
 - 14 Perhaps by reference to how these values would all fit together in some ideally just society. In Chapter 6 I discuss the limits and dangers of such idealizations.
 - 15 In Chapter 4, I consider this issue by reference to racial economic inequality in the United States.
 - 16 Even when such education is not directly related to the required skills of employment, such a degree can function as a mechanism for employers to narrow down, and sort through, a potentially large pool of applicants.
 - 17 Of course, the various institutions and practices that Fishkin describes do not reflect the decisions of a diabolical social planner. Rather, they reflect the decisions of tens of millions of Americans, decisions shaped by a wide range of incentives (which is not to say that these consequences are necessarily unintended or unforeseeable). This fact, however, in no way implies that those concerned with fair race or just work should just accept the status quo.
 - 18 See Chapter 1 for an extended discussion of Meade and related contemporary work on property, technology, and equality.
 - 19 Though such policies may make it more likely that the winners of global winner-take-all markets are our fellow citizens.
 - 20 Reading to them daily, sending them to science or art camp, helping them to navigate social institutions (including applying for admission at university) and other forms of what sociologist Annette Lareau calls "concerted cultivation" that parents employ to help their children develop (Lareau 2011).
 - 21 Such an approach has the added benefit of allowing us to avoid many of the thorny questions concerning legitimate parental partiality, or, in Reeves' terms, the difficulty in determining when "laudable human capital development" ends and "opportunity hoarding" begins.
 - 22 And, therefore, claim that those who favor redistributive public policies actually favor equality of "achievement" or "outcome."

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4

MARTIN LUTHER KING'S DREAM REVISITED

In all history slavery has usually been followed by a period of semi-slavery or serfdom.

– W.E.B. Du Bois 1996

The Negro today is not struggling for some abstract, vague rights, but for concrete and prompt improvement in his way of life. . . . The struggle for rights is, at bottom, a struggle for opportunities.

– Martin Luther King Jr. 2000

In retrospect, it seems clear that nothing could have been more important in the 1970s and 1980s than finding a way to create a durable, interracial, bottom-up coalition for social and economic justice.

– Michelle Alexander 2012

I. Recognition or redistribution?

In this chapter, I consider the impact of trends toward WTA on racial justice in the United States. My focus is on the persistent income and wealth gap between black and white Americans, an inequality rooted in a history of slavery and de facto and de jure segregation. As a normative frame for this analysis, I use Martin Luther King's conception of the ends of the civil rights movement. King repeatedly expresses concern that structural transformations in the economy, including automation and other forms of technological change, will prevent these ends from being realized. Even as black Americans profit from better legal and social recognition, with many attaining positions of great political and economic privilege, such gains will not lead to the widespread improvement in the relative opportunities and quality of life of black Americans. Using recent economic and statistical analysis,

I argue that King's concerns were in many ways justified. This analysis reinforces my central claim from Chapter 3: that American political philosophy in the status quo needs to give greater priority to the principle of just work. In order to make significant progress toward racial justice, we need a public philosophy that recognizes the impact of trends toward WTA on the majority of the African American population, while justifying social and economic policies that combat or mitigate the impact of these trends for all Americans.

In the lead-up to the signing of the Civil Rights Act of 1964, King writes, "The Negro today is not struggling for some abstract, vague rights, but for concrete and prompt improvement in his way of life. . . . The struggle for rights is, at bottom, a struggle for opportunities" (King 2000, p. 167–168). His concern was that, even if legislation prohibits discrimination in hiring and in public places, and at long last secures for black Americans the effective right to vote, these measures will do little to provide them with what, at bottom, matters most: the widespread opportunity for a better way of life for themselves and their children. Chief among King's reasons for this concern was that technological change will function as a giant roadblock in the struggle for freedom and dignity, undercutting the bargaining power of black Americans concentrated in low education/low-skilled work. As a result, the quality of life of most black Americans will remain well below the standards of American society as a whole, with many living in an island of relative poverty even as many of their not-too-distant (mostly white) neighbors live in luxury.

In some ways, King's fears have become our lived reality. In 1968, the median family income of African American families was 57% that of white families. In 2016, nearly 50 years later, it was 56% (Manduca 2018). The racial wealth gap, in turn, continues to grow. For example, from 1983 to 2013 the average wealth of white Americans grew three times faster than that of black Americans. These trends amplify what were already dramatic wealth inequalities, the product not only of the legacy of slavery and Jim Crow but also urban renewal policies that decimated African-American and mixed-race communities and local and federal housing policies of the that left out many black neighborhoods, even as they helped to make possible a large white, property-owning middle class (Rothstein 2017, Massey and Denton 1993, Greer 2013, Mitchell and Franco 2018, Nelson *et al.* 2020, Anderson 2010). As Asante-Muhammad and others note, if the average wealth of black families continues to grow at the rate of the past 30 years, it would take 228 years to amass the same amount of wealth on average that white families have today. The median black family, in turn, would never catch up, as their wealth has fallen from \$6800 to \$1700 (Asante-Muhammad *et al.* 2017). Early evidence suggests that Covid-19 will exacerbate these inequalities.

The stubborn persistence of racial income and wealth inequality since the passage of landmark civil rights legislation in the 1960s remains the subject of ongoing research (Blank 2001, Bayer and Charles 2017, Wilson and Rodgers 2016). When thinking about the sources of this persistence, it is useful to distinguish two senses or paradigms of justice, which Nancy Fraser calls the paradigm of redistribution and the paradigm of recognition (Fraser 2003). These paradigms assume different

conceptions of justice, with redistribution focusing on economic justice and recognition focusing on more “cultural” claims of discrimination, nonrecognition, and disrespect. Borrowing terminology from Max Weber, we can say that in the politics of recognition *status groups* – women, racialized groups, gays and lesbians, cultural minorities – challenge dominant patterns of interpretation and valuation that mark them as different and “less worthy.” Many members of these groups are unable to act as peers in civil society, as such *participatory parity* depends upon reciprocal recognition and status equality. Those who make claims of misrecognition, then, propose different sorts of remedies than those whose focus is on economic justice. Rather than arguing for structural changes to the economy, the target of a politics of recognition is “to deinstitutionalize patterns of cultural value that impede parity of participation and to replace them with patterns that foster it” (Fraser 2003, p. 30).

More than 40 years after emancipation, W.E.B. Du Bois writes:

In all history, slavery has usually been followed by a period of semi-slavery or serfdom. . . . Throughout the United States the mass of the negro population is curtailed in personal liberty, is insecure in life and property, has peculiar difficulty in earning a decent living, has almost no say in his own government, does not enjoy adequate educational facilities, and suffers, no matter what its ability or desert, discount, impertinence, and contempt.

(Du Bois 1996, p. 362)

The legal abolition of slavery, Du Bois recognizes, is just one step toward liberty. It is typically followed by a period of serfdom or semislavery, where freed slaves and their descendants fail to fully participate as peers in the political and economic life of the republic. Much of the struggle of the civil rights movement in the United States was a struggle for recognition. “We can never be satisfied,” King proclaims, “as long as our children are stripped of their selfhood and robbed of their dignity by signs stating ‘for whites only’” (King 1986, p. 218). Subsequent gains in status of black Americans, then, represent clear successes in the struggle for freedom. He writes after the passage of the 1965 Voting Rights Bill that

Negroes [in the South] in this past decade experienced the birth of human dignity – eating in restaurants, studying in schools, traveling in public conveyances side by side with whites for the first time in a century. Every day southern Negroes perceive, and are reminded of, the fruits of their struggle.

(King 1986, p. 189)

Even with widespread recognition of the basic economic and political¹ liberties of African Americans, however, status misrecognition continues to shape people's lives in many spheres. For example, several studies point to ongoing impact of racial discrimination in employment, housing, and credit markets (Bendick *et al.* 1994, Bertrand and Mullainathan 2004, Pager 2003, Pager and Shepherd 2008, Pager

et al. 2009, Gaddis 2015). As a central example of misrecognition, Fraser lists institutionalized racial profiling that distinguishes “normal,” non-black citizens from black citizens who are seen as more dangerous and prone to criminality.

This example highlights what Fraser calls the “two-dimensionality” of injustice. While it is important to recognize the distinction between misrecognition and maldistribution, and not attempt to reduce one paradigm to the other, many individuals suffer from injustice on both of these paradigms, in ways that reinforce each other. Racial disparities in the criminal-justice system don’t reduce to materialist explanations, such as greater poverty and relative lack of economic opportunities for individuals in predominantly black communities. The heinous murder of George Floyd by Minneapolis police officers launched widespread protest and anger over decades of black Americans being disproportionately subject to violence and harassment from police officers (Collins 2020, Edwards *et al.* 2019, Balko 2019).² In the so-called War on Drugs, black individuals across the income spectrum are targeted, searched, arrested, charged, and receive prison sentences for drug crimes at higher rates than their white counterparts, even as black Americans are no more likely to use or deal illegal drugs (Alexander 2012). Racial profiling represents and reinforces a form of status inequality. Such misrecognition also generates greater economic inequality. The impact of a felony conviction on an individual’s life prospects is dramatic, more so for black Americans than their white counterparts (Pager 2003). This impact spreads to the very communities that the criminal justice system is ostensibly designed to protect and serve, devastating families, ripping apart social networks, and creating a permanent class of chronically unemployed individuals subject to legally sanctioned political and economic discrimination. It does so while establishing and reinforcing a political culture where criminality is racialized and violence against African Americans is normalized (Alexander 2012, Western 2006, Clear 2007).

II. Racial justice from SWO to WTA

Recognizing the economic impact of racial profiling and discrimination, we might be inclined to treat the persistence of racial economic inequality as simply the product of ongoing failure to combat misrecognition. On this understanding, the reason that African Americans on the whole have made little to no gains in income, and actually lost ground in wealth, is that American culture is just as racist as it was before the Civil Rights Acts of the 1960s were signed. To use Fraser’s terminology, we have made no progress in displacing cultural patterns of value that treat African Americans as second-class citizens. My concerns with this story are numerous. First, by reducing sources of inequality to matters of culture, it glosses over real progress according to the paradigm of recognition. Consider, for example, public perception of interracial marriage. According to Gallup, only 4% of Americans approved of black–white marriages in 1958. By 2013, the number was 87%; denoting, in the words of pollster Frank Newport, “one of the largest shifts of public opinion in Gallup history” (Newport 2013). Next, it ignores relevant forms of

progress toward racial economic equality which get lost in analysis that focuses on the gaps between mean or median income or wealth rather than changes in relative rank of African American workers and their families. As a result, it obscures the impact of trends from SWO to WTA on racial economic inequality, and the ways in which making significant progress toward racial justice depends upon politics and policy directed at combating these trends.

The passage of the civil rights acts took place at the tail end of a period of rapid, broad-based economic growth in the United States. As a side effect of this growth, and despite legislation that excluded black farm and domestic service workers from many of the collective bargaining rights afforded to those in other industries (Perea 2011), the racial earnings gap converged sharply in the decades *prior* to the passing of the civil rights acts, and continued into the mid-1970s. Between 1940 and 1980, the gap in earnings between the median black man and the median white man closed by approximately 50%, even as the relative position (or rank) of the median black man eroded significantly in each region of the country.³ Since 1980, by contrast, the relative position of black workers has held steady or improved at most points along the spectrum, with the greatest gains at the top (90th percentile). Nonetheless, these gains in rank have been more than offset by trends toward WTA, which widens the gaps between the percentile ranks, concentrating the benefits at the top of the income ladder, which is overwhelmingly white (Bayer and Charles 2017, Manduca 2018). That the movement from SWO to WTA will tend in the aggregate to hit black Americans harder than white Americans becomes straightforward when we combine the realities of American history with basic characteristics of WTA. When society began moving further and further from SWO to WTA, black Americans were far poorer than white Americans, black children had less educated parents, decades of public policy that played a central role in the establishment of a white property-owning middle class often failed to include black citizens, and in many cases directly thwarted their efforts (Rothstein 2017, Massey and Denton 1993, Greer 2013, Mitchell and Franco 2018, Nelson *et al.* 2020, Anderson 2010). Schools in predominately black neighborhoods worked with fewer resources, and racial segregation in education was only beginning to erode in many contexts. In WTA the return on capital exceeds growth throughout the economy (Piketty and Saez 2003, 2006, Piketty 2013, Piketty *et al.* 2017, Gordon 2016). In both the 1970s and our present context – where the average white family is approximately seven times wealthier than the average black family while the median white family is 12 times wealthier than the median black family – we should expect this tilting of the economy toward capital and inheritance to entrench significant racial inequality (Thompson and Suarez 2015, Asante-Muhammad *et al.* 2017).

Labor market polarization, in turn, significantly widens the gap between the relative winners and losers in the American economy, creating greater inequalities between those who possess the skills and networks to flourish in WTA and a larger portion that is left out of recent productivity gains. Fortunately, the Civil Rights Act and subsequent legislation helped to significantly reduce inequalities in educational quality and attainment (Collins and Margo 2006, Neal 2006).

Nonetheless, this narrowing has not led to relative earnings gains for the median black worker. Bayer and Charles write:

These positional gains did not materialize, because while the difference in completed schooling between the median black man and the median white man was shrinking, the labor market returns for an extra unit of education, regarding both wages and the probability of working, were rising dramatically. The positional gains that low-skilled black men would have otherwise made by acquiring more education were almost perfectly counteracted by what can be thought of as a headwind as the labor market placed an ever-higher penalty upon the racial differences in education that remained.

(Bayer and Charles 2017)

In short, though education quality and attainment matters a great deal to economic inequality, the gains of substantially narrowing the racial education gap have been more than offset by other trends. In addition, in winner-take-all markets, small differences in talent, networks, or luck often lead to dramatic differences in income or wealth. WTA amplifies differences in access to investment capital, periodic wealth transfers from parents, elite universities, and lucrative social and economic networks. The economic dividends of educational attainment, therefore, are not the same across races. While the racial income rank gap among college-educated men and women has fallen substantially since 1940, the wage gap among college-educated men and women remains substantial (10–28%, depending upon the group), with the wealth gap even more dramatic (Wilson and Rodgers 2016, Bayer and Charles 2017, Meschede and Taylor 2018). The winners of WTA tend to be well educated. Nonetheless, they represent a small fraction of the college-educated population. They are also disproportionately (though not exclusively) white.

The positive movement in relative position of African Americans and the growing representation of African Americans in government and the highest levels of business reflect tangible gains in legal and cultural recognition, including what seemed impossible in 1940: a black president. Nonetheless, the economics of WTA swamp the economic gains in recognition and education for much of the black American population. Manduca writes:

The remarkably steady black-white family income ratio of the past 50 years is the product of two opposing trends. Blacks made substantial though incomplete progress in rank terms, with the median African American moving from the 25th percentile of family income to the 35th percentile. But these gains were counteracted by the national trend of rising income inequality, which resulted in a much larger share of the national economic pie going to the richest few percent of the country, who remain disproportionately white. If the income distribution had remained constant, almost one-third of the

racial income gap would have closed in this period. Without the progress in rank terms, the gap would have risen by 30%.

(Manduca 2018, p. 194–195)

With this reality in hand, let's return to our discussion of the American Dream. American public philosophy includes two different principles of equality and opportunity: fair race and just work. According to fair race, justice is done when the playing field is level, such that differences in success reflect differences in talent, effort, and ambition. According to just work, a just society is one where the fruits of economic growth are widely shared, such that through their efforts individuals can generally secure a better life for themselves and their families.

The economic ends of the civil rights movement can be characterized in terms of both fair race and just work. A just society, according to the former, would be one in which a person's success or failure reflects their efforts and abilities, rather than their race. The political focus, therefore, would be on the disparities between black and white workers. With this principle in mind, there are numerous reasons to believe that American racial inequality both reflects and perpetuates injustice. More than half a century after the landmark *Brown v. Board of Education*, due to residential segregation and other factors, the American educational system remains largely separate and unequal (Kozol 2005). In their exhaustive analysis of economic mobility in the United States, economists Raj Chetty, Nathaniel Hendren, and others highlight the importance of the neighborhood a person grows up in and their ability to do better or worse than their parents (Chetty *et al.* 2014, 2016). With respect to race, high-mobility neighborhoods tend to be high-mobility for both white Americans and black Americans. In most US neighborhoods, however, upward mobility is greater for white men than black men (controlling for parental income).⁴ Downward mobility, by contrast, is typically much greater for black men than white men, with evidence to suggest that implicit or explicit bias makes up a statistically significant portion of difference in black–white mobility gaps within neighborhoods (Chetty *et al.* 2018).⁵

In addition, for reasons that journalist Peter Schmidt describes in *Color and Money*, in the battles over affirmative action and access to an elite education there is a clear winner: rich kids (Schmidt 2007). There are more students in prestigious “Ivy plus” institutions from the top 1% of the income distribution than the bottom 50% combined. A child from the top 1%, in fact, is 77 times more likely to attend an elite college than someone in the bottom quintile (Chetty *et al.* 2017). Finally, racial disparities in the “War on Drugs” represent a clear injustice according to both popular and philosophical understandings of fair race. If black Americans (who are no more likely to use or deal drugs than their white counterparts) represent 15% of the total population but 80–90% of all drug offenders sent to prison, then American society is presenting very different sets of options or opportunities to people based on their race (Human Rights Watch 2000). People of similar talents, similar ambitions, and similar willingness to take responsibility for their choices can expect very different results based on their race. In encounters with police, differences in

race can literally be a matter of life and death (Edwards *et al.* 2019, Collins 2020). When being convicted of a drug offense warrants legally recognized discrimination in employment, housing, access to social services, and voting rights, the impact of these disparities on our relative opportunities becomes even greater.

III. An interracial coalition for just work

At times, King's language suggests the principle of fair race. "It is obvious," he writes, "that if a man is entered at the starting line in a race three hundred years after another man, the first would have to perform some impossible feat to catch up with his fellow runner" (King 2000, p. 165). Thoughtful public policy, he argues, will be essential to helping black Americans catch up to the rest of American society. He certainly does not deny that race-specific measures can further social justice. Nonetheless, he recognizes, as Tommie Shelby puts it, that "the unemployment problem at the heart of the ghetto can't be solved by race-conscious policies alone" (Shelby 2018, p. 192). King's own understanding of economic justice and the ends of the civil rights movement is not a fair race for positions of comfort and privilege. Instead, the goal is a society where hard work is well rewarded for people of all races. Consider two central features of King's theory of justice. First, he regularly argues that there is something deeply offensive to justice in the existence of large numbers of poor or unemployed workers in a society of great affluence. His concern was not merely with poverty in an absolute sense, but with the relative standing of working-class families. For example, first, African Americans are fully aware that they live "on a lonely island of poverty in a vast sea of material prosperity" (King 1986, p. 217) and this knowledge, and a relative poverty of opportunity, is humiliating and degrading.⁶ Second, King is concerned with the freedom and dignity of Americans in general, rather than merely combating the impact of past injustice on African Americans. He writes:

In the treatment of poverty nationally, one fact stands out: there are twice as many white poor as Negro poor in the United States. Therefore I will not dwell on the experiences of poverty that derive from racial discrimination, but will discuss the poverty that affects white and negro alike.

(King 2010, p. 170)

When he argues that the struggle for rights is at bottom a struggle for opportunities, King makes clear that these opportunities must be extended to the entire disadvantaged population. "It is a simple matter of justice," he argues,

that America, in dealing creatively in raising the Negro from backwardness should also be rescuing a large stratum of the forgotten white poor. A Bill of Rights for the Disadvantaged could mark the rise of a new era, in which the full resources of the society would be used to attack the tenacious poverty which so paradoxically exists in the midst of plenty.

(King 2000, p. 171).⁷

In a just society, King argues, the fruits of growth will be shared across the income spectrum, offering lower- and middle-income workers the ability to exchange hard work for a better life for themselves and their families. Like fair race, just work concerns individual opportunities. For opportunities to be equal in the normatively relevant sense, there has to be a set of mutually achievable outcomes wherein those who possess the relevant virtues will at least cross a minimum threshold of achievement. For King, such opportunity is implicit in the idea that labor has dignity. A wealthy, growing society fails to respect the dignity of work and workers when their wages do not keep up with the standards set by that society. "The problem," he argues, "is not primarily one of unemployment." Most poor people, King recognizes, work five or more days a week. Instead, the problem is when many workers "are making wages so low that they cannot begin to function in the mainstream of the economic life of our nation" (King 2011, p. 172). A free and just society is one where the fruits of economic growth are widely shared among those willing to work for them (King 2011, p. 36–37). This entails, among other things, a "firm floor" for wages (King 2011, p. 28). Only in such a society can individuals relate to one another as equals.

With this understanding in mind, King worries that even if American society continues to make progress toward justice according to the paradigm of recognition, technological change will move us further and further from economic justice. Instead of generating widespread opulence, security, and leisure (King 2010, Ch. 5), current and future technological change will enable a small portion of the population, the owners of capital, to capture much of the fruits of productivity gains. As a result the rest of the population will be relatively, and in some ways even absolutely, worse off than before. He writes:

The livelihood of millions has dwindled down to a frightening fraction because the unskilled and semiskilled jobs they filled have disappeared under the magic of automation. In that separate culture of poverty in which the half-educated Negro lives, an economic depression rages today. To deal with this disaster by opening some doors to all, and all doors to some, amounts merely to organizing chaos.

(King 2000, p. 159)

King recognizes that African Americans are disproportionately represented among poor workers, lacking the kinds of investment in infrastructure and education that many in wealthier, white neighborhoods take for granted. "Long years of deprivation of opportunity," he writes, "have robbed us of the skills needed to utilize new industrial devices" (King 2011, p. 52). The impact of technological change on the bargaining power of lower-skilled workers, as a result, will tend to hit black communities harder than most. Both in scope and in justification, however, his proposals target working families in general. In a speech to the United Packinghouse Workers Union of America, a group that provided crucial economic and political

support during the early days of the Southern Christian Leadership Conference, King said:

We cannot create machines which revolutionize industry unless we simultaneously create ideas commensurate with social and economic reorganization, which harness the power of such machines for the benefit of man. . . . The new age will not be an era of hope but of fear and emptiness unless we master this problem.

(King 2011, p. 51)

In order to avoid an era of fear and emptiness, Americans need to get creative, rethinking established ideas of social and economic organization for a changing economy. King's specific proposals range from education and job training to a jobs guarantee to a guaranteed annual income. The goal of each of these proposals is to combat or mitigate the impact of technological change on the dignity and social bases of self-respect of working families who might otherwise be left behind in an economy that has little demand for their labor.

A great virtue of King's public philosophy is that the ethics of the ultimate ends of the civil rights movement harmonize with the sort of politics that is crucial for success at achieving these ends. The civil rights movement, in his view, was an unprecedented demonstration of the potential power of black Americans when organized to a common set of ends. Since African Americans comprise less than 15% of the American population, however, success has only been possible in what King calls "social and political areas" – in Fraser's terminology, gains in legal and status recognition. By contrast with such gains, which were "obtained at bargain prices" (King 1986, p. 315) he writes that "the problems we now face – providing jobs, better housing, and better education – require money for their solution, a fact that makes those solutions all the more difficult" (King 1986, p. 321). In order to achieve justice for black Americans, the civil rights movement needs to "expand its alliances" (King 2000, p. 175). In particular, it will need to join forces with organized labor. Such an alliance is essential for all parties involved. King writes:

In the case of organized labor, an alliance with the Negro civil-rights movement is not a matter of choice but of necessity. If Negroes have almost no rights in the South, labor has few more; if Negroes have inadequate political influence in Congress, labor is barely better off; if automation is a threat to Negroes, it is equally a menace to organized labor.

(King 2000, p. 176)

King repeatedly argues, most famously in "Letter from a Birmingham Jail," that while "individuals may see the moral light," privileged groups will seldom even consider giving up their privilege unless faced with social and political pressure to do so (King 2000, p. 91). Substantial change often depends upon protest, civil disobedience, and even fear of violence. By understanding the ends of the civil rights

movement in the language of just work, King simultaneously provides reason to hope that those ends can be achieved. After all, the impact of technological change and other forces driving American society toward WTA do not only impact black Americans. They also trap similarly situated Americans of all races, who increasingly hold less hope for a better future for themselves, their families, and their communities. King frequently references poor white workers in the South who, in part as a product of the political economy of racial discrimination and oppression, face poor economic and educational opportunities (King 2000, p. 171).⁸ Today, more than 50 years after King's death, Americans in the Southeast continue to suffer from lower upward mobility than anywhere else in the United States. For poor white Americans, the relative poverty of opportunity in this region compared to the rest of the United States is dramatic (Chetty *et al.* 2018). Economic segregation, poorly and regressively funded education systems, high rates of poverty, growing inequality, and other factors undermine the freedom and opportunities of children of all races (Chetty *et al.* 2014). While racial politics likely plays a significant role in the cultural and policy sources of poor mobility in the Southeast, and black Americans tend to be worse off than their white counterparts, the result is political economy that keeps working-class families of all races down.

King does not argue that, absent a broad-based workers' movement dedicated to the principle of just work, African Americans will fail to make progress in legal and status recognition. Nor will its absence prevent black Americans from attaining positions among the political, intellectual, and economic elite. In fact, one interesting aspect of the interaction between racial legal and cultural recognition and the economics of WTA is that the economic gains at the top of the income ladder have been both more substantial and more persistent. Despite the complete erosion of income gains at the median, much of the gains at the 90th percentile have held, such that "the 90th percentile man in black earnings distribution would rank at the 74th percentile of the white earnings distribution in 2014 versus the 53rd percentile in 1940 or 1960" (Bayer and Charles 2017, p. 13). Progress in legal and status recognition enables some African Americans to reach positions of great power and privilege. In King's words, it opens all doors for some (King 2000, p. 159). It also opens some doors for all, ending legally sanctioned segregation in restaurants, hotels, and so on. Nonetheless, King fears that without an interracial workers' movement dedicated to structural changes in American political economy, the civil rights movement will ultimately fail at its central purpose: widespread improvement in the opportunities and quality of life of most black Americans. Even as the economy continues to grow, working Americans (including most black Americans) will continue to be left behind.

By contrast with a workers' movement directed at just work, consider an ethics and politics focused on providing greater representation of African Americans in positions among the political, intellectual, and economic elite. These efforts, including priority admissions and hiring at prestigious colleges and universities, have been the subject of rancorous public debate for decades. A strong case can be made, despite this controversy, that giving priority to members of historically

disadvantaged groups furthers justice according to the principle of fair race (Mason 2006, Miller 2001). In WTA, moreover, representation at such institutions takes on added relevance, as small relative differences in skill and connections can lead to dramatic differences in reward. The media focus on university admissions, however, belies the limits of such representation for achieving the economic ends of the civil rights movement. "Ivy plus" universities educate an extraordinarily small portion of the population. From that group, and despite efforts to increase racial and economic diversity, less than one-fifth of students come from parents in the bottom 60% of the income distribution. Only 3.8% of students come from in the bottom quintile. Poor and working-class students rarely even apply to these universities, even if Stanford, Harvard, and many of their peers are committed to meeting the economic needs of all who gain admission. Flagship state universities, in turn, increasingly function like highly selective private institutions, providing low (and diminishing) access to students from low- and middle-income families (Chetty *et al.* 2017).⁹ The benefits of race-based affirmative action policies at these universities, as a result, will tend to go to those who already possess the opportunity to exchange hard work for a middle-class or better standard of living. Prestigious educational institutions currently do little to improve the economic mobility of poor Americans, regardless of race (Chetty *et al.* 2017).¹⁰

The growing number of African American success stories should put to rest once and for all the Jim Crow "logic" that blacks are in some way incapable of assuming and succeeding in positions of political and economic leadership. They also serve as symbols of hope and aspiration for a better future.¹¹ Such powerful symbolism, however, cuts a number of ways. Perhaps paradoxically, the success of black Americans at the top of the social and economic ladder also lends credence to a political culture inclined to treat persistent black/white economic inequality as a product of a comparative lack of effort, ability, or personal responsibility. In the process, Alexander argues, it reinforces the belief that the mass incarceration of black men is just. She writes:

Black success stories lend credence to the notion that anyone, no matter how poor or how black you may be, can make it to the top, if only you try hard enough. These stories "prove" that race is no longer relevant. Whereas black success stories undermine the logic of Jim Crow, they actually reinforce the system of mass incarceration. Mass incarceration depends for its legitimacy on the widespread belief that all those who appear trapped at the bottom actually chose their fate.

(Alexander 2012, p. 248)

The focus on better racial representation among the intellectual and economic elite, finally, suggests something a "zero-sum" politics of racial justice, where gains to African Americans appear to come at the expense of the very working-class white Americans who are also being hit by trends toward WTA. Indeed, Alexander argues that many civil rights advocates publicly resisted class-based affirmative

action efforts, “dismissing claims of unfairness of the grounds that whites had been enjoying racial preferences for hundreds of years” (Alexander 2012, p. 257).¹²

King, A. Philip Randolph, and others saw an interracial coalition for just work as the next step in the civil rights movement, granting ordinary workers greater power to push for the reforms they recommend in the 1966 *Freedom Budget for All Americans*. Unfortunately, the mid-1960s may have represented the apogee of the alliance between the civil rights movement and organized labor, rather than the first stage toward a larger, more powerful, long-term alliance. Whatever the reasons, the working-class white population did not come to recognize, as King hoped, that they also had much to gain from the civil rights movement. Instead, the politics of racial justice increasingly focused on black/white disparities and injustice according to the paradigm of recognition, with many white Americans believing that gains by African Americans would frequently be paid for with their own opportunities.¹³ Such a politics, Alexander argues, made the emergence of “A New Jim Crow” possible, as powerful political and economic actors continued the American tradition of fostering and capitalizing on racial resentment to further their own interests.¹⁴

Whether or not one finds Alexander's explanation of the rapid rise in incarceration compelling, she is almost certainly correct that few things “could have been more important in the 1970s and 1980s than finding a durable, interracial, bottom-up coalition for social and economic justice” (Alexander 2012, p. 256). In part for this reason, the political focus of just work is on the shared challenges of ordinary black and white workers, rather than the disparities between them. Adolph Reed argues that such a movement “can be built only on the basis of solidarities grounded and cultivated on perception of shared social position, experience, and objectives, and that perception can take hold only in the context of common struggle for shared goals” (Reed 2016, p. 110). Central to these common struggles are the deleterious effects of declining just work on hope, responsibility, and mortality. As Case and Deaton note, the rapid rise in deaths of despair during the past two decades is driven by uneducated white Americans. The pattern for black Americans, by contrast, instead looks like those of college-educated white Americans (Case and Deaton 2020, p. 60). Their point is not that trends toward WTA do not hurt African American workers. For reasons I illustrated previously, they often hit them harder. They also hit them earlier. Case and Deaton argue that

[d]eaths of despair among whites would not have happened, or would not have been so severe, without the destruction of the white working class. . . . African Americans have not escaped the crisis but rather experienced their own version first, thirty years earlier. During that earlier episode of black despair, job loss, and family and community destruction, much of the dysfunction was attributed to the peculiarities of black culture. Now this episode looks like something different, that if any group is treated badly enough for long enough, it is susceptible to suffering social breakdown of one form or another.

(Case and Deaton 2020, p. 188–189)

While patterns of job loss, declining marriage rates,¹⁵ chemical dependency, and (ultimately) incarceration of black Americans in the late 20th century tragically foreshadowed the situation of white Americans without college degrees three decades later, with the exception of suicide, black Americans are still more likely to die by deaths of despair (Wilson 1987, 1996, 2009, Case and Deaton 2020).

The political failure to take action to restore the American Dream reflects the fact that these two groups, in spite of shared circumstances and the widely held commitment to just work, remain unwilling or unable to come together in sufficient numbers to demand policies that reflect those values.¹⁶ Given the conservative and antimajoritarian constitution of American political institutions, racial justice may depend on the overwhelming force of an interracial coalition dedicated to just work. Worker power depends upon solidarity, which must be achieved in spite of a lack of ideological purity and unanimity, rather than because of it. In order to make the American Dream a reality in the 21st century, we need to demand the sort of politics and policies that reflect the beliefs and interests of the great majority of Americans being left behind by WTA, regardless of race.

The point of emphasizing solidarity and shared concerns, of course, is not to deny race-specific grievances or to assert that the greater representation of black Americans in positions of power in privilege is lamentable or undesirable, or that race-based affirmative action policies may be just. Instead, following King and others, we need to recognize that the path toward racial justice requires us to think creatively about institutional or structural changes that secure just work for Americans, whatever their race. Such efforts, as both King and Alexander argue, may also be necessary to solidify the gains to recognition for much of the black population – to prevent a new system of injustice from rising from the ashes of Jim Crow. Indeed, participants in the Black Lives Matter movement built on a vibrant tradition of political thought and action that sees economic transformation as essential to the freedom and dignity of black Americans (Lebron 2017, Ransby 2018). Calls for such transformation permeate the Reconstruction Era (Foner 2014). In his commanding work *Black Reconstruction in America*, Du Bois recalls arguments by Republicans Frederick Douglass, Thaddeus Stevens, Charles Sumner, and others that black liberation would be possible only if freed slaves were able to secure the sorts of property and opportunities that were inconsistent with the plantation economy and the economic relations endemic to that economy. Alas, despite some successes (including the establishment of public schools), this project was abandoned in 1876 when, in order to secure the presidency for Republican Rutherford B. Hayes, Republicans in Congress agreed to pull remaining federal troops out of the South, ending Reconstruction. The result of this bargain, Du Bois writes, was not only the failure “to sustain the right to vote of half of the laboring population of the South” but also to divide and conquer the labor vote and make possible “a control of labor greater than any modern industrial state and civilized lands” (Du Bois 2017, p. 563).

Finally, in addition to any causal role that economic trends play in the dramatic rise of the black male (in particular) incarceration rate, it is crucial to recognize the ways in which movement from SWO to WTA exacerbates the negative effects

of that rise.¹⁷ A felony conviction significantly limits an individual's freedom and opportunities, placing felons among the least desirable (and poorest paid) workers. In WTA, where poorer workers are left out of much of the gains of economic growth, such a conviction condemns many individuals to a life of economic insecurity and second-class status, with little hope for a better future for themselves and their families. In a SWO society where the fruits of economic growth are widely shared, by contrast, even "less desirable" workers have reason to hope for a better future. Policies that further just work, as a result, may (in Fraser's terminology) "cross-redress" inequalities in status,¹⁸ countering some of the worst effects of racial profiling, including the ways in which the failure to secure employment and housing make recidivism far more likely (Alexander 2012).

IV. Conclusion

The moral of my analysis is clear. Even with the persistence of racial misrecognition, movement toward SWO will tend to narrow racial economic inequalities in the United States, as the benefits of economic growth are increasingly shared across the income and wealth spectrum. Even with positive gains in racial recognition, by contrast, movement toward WTA will exacerbate racial economic inequalities. King certainly does not deny that recognition matters (far from it). Racial misrecognition in our criminal justice system, in particular, represents a deep form of injustice more than half a century after his murder. Nonetheless, it is important to recognize the analytic and political limitations of both the paradigm of recognition and the politics and policy of fair race. The result of recent trends is a world that enables a small minority of black Americans to rise to unprecedented wealth and prominence, while on the whole reproducing historical injustices by placing far greater emphasis on wealth, education, and personal networks. Black Americans are more likely to both become infected and die from Covid-19, as well as to be left unemployed from the economic fallout of the pandemic. In King's words, while American society opens all doors for some and some doors for all, most black Americans continue to lag well behind their fellow Americans in income, wealth, and opportunity. Such a persistent lag, in turn, when combined with the exceptional success stories of many black Americans, threatens to undermine gains in recognition by reinforcing the belief that income and wealth inequalities reflect a relative lack of effort, ambition, or responsibility. In order to make significant, concrete, and prompt progress toward racial justice – the sort of progress King called for more than half a century ago (King 2000) – we need a public philosophy and public policy that not only recognizes of the impact of trends toward WTA on the majority of the African-American population but also justifies social and economic policies that combat or mitigate the impact of these trends for all Americans. Without them, progress toward racial justice will likely move at a snail's pace at best, as changes to the economy continue to swamp the economic impact of any gains in racial recognition. We will need to wait much, much longer for King's dream, deeply rooted in the American Dream, to become a reality.

Notes

- 1 Following the 1964 and 1965 bills, the percentage of black Americans registered to vote increased exponentially. In Mississippi, to choose a particularly dramatic example, it increased from 6.7% to 66.5% in just a few years (Lawson 1976, p. 331).
- 2 Crucially, when millions of Americans of all races took to the streets to proclaim that Black Lives Matter, they expressed outrage at *both* the disproportionate impact of police violence on black men (in particular) and the militarization, culture, incentives, and lack of accountability that significantly exacerbate that impact. For every one bullet German police fired on duty in 2016, American police killed 10 people. I doubt that most (any?) Black Lives Matters protesters would think that all was well and good in our criminal justice system if only the demographic composition of those killed were more proportional. To combat police violence against African Americans, it is essential to address not only cultural racism and practices of racial profiling but also the structural features of the American criminal justice system that make the consequences of that racism so tragic for so many black Americans and their families.
- 3 From 16 to 26 percentile points, depending on the region. The national position gap, by contrast, only increased by 3.5 percentage points, reflecting the impact of the great movement of black Americans to higher-wage regions (Bayer and Charles 2017).
- 4 At the 25th percentile, for example, white males are likely to earn more than black males in 99% of the neighborhoods examined. By contrast, when controlling for parental income, black women actually tend to earn more than their white counterparts.
- 5 See also (Mazumder 2014).
- 6 "Amidst this caricature of the American standard of living," King writes, "is the immediate proximity of an affluent society" which "glitters with conspicuous consumption" (King 1986, p. 192).
- 7 To cite one more of countless examples, King's *Testament of Hope* begins with the frank admission that, despite gains to legal and cultural recognition, "[t]o this day, black Americans have not life, liberty, nor the privilege of pursuing happiness." "Many white Americans," he continues, "are in economic bondage that is scarcely less oppressive" (King 1986, p. 315).
- 8 In some ways foreshadowing J.D. Vance's widely read and discussed work *Hillbilly Elegy* (2016).
- 9 Indeed, since their access rate is still quite low, their mobility rate (measured as simple product of success in moving from the bottom 20% to the top 20% and access rate) is even lower than "Ivy plus," at 1.7% compared to 2.2%. To make matters worse, a precipitous decline in per-student funding and other factors are lowering access rates at the middle-tier public institutions that are the big drivers of mobility in the US (Chetty *et al.* 2017).
- 10 This analysis in no way diminishes the role that such universities play as drivers of innovation, a role which Jacob Hacker and Paul Pierson argue was central to the widespread gains in prosperity in the United States in the middle of the 20th century (Hacker and Pierson 2017). The extent to which universities further just work in the status quo, however, depends upon whether the economic fruits of development and innovation are reflected in the wages and benefits of the great majority of the population that are educated elsewhere.
- 11 In the context of a history of injustice, King worries that black Americans, "as a result of long years of oppression, are so drained of self-respect and a sense of 'somebodiness' that they have adjusted to [legal and economic] segregation" (King 2000, p. 100).
- 12 Notice that the ends and politics of Black Lives Matter also resist a zero-sum interpretation. The goal is to dramatically alter practices and incentives in policing that not only (a) serve to perpetuate that injustice but also (b) lead to substantial harm to poor and working-class Americans of all races.
- 13 Compounding any perceived loss in status – what W.E.B. Du Bois calls the public and psychological wage paid to poor white workers.

- 14 As a result, following the “well-worn path” of much civil rights advocacy – focusing on exemplary individuals who defy racial norms – will not “end mass incarceration or shake the foundations of the current racial order” (Alexander 2012, p. 229).
- 15 The product of a decline of “marriageable” men.
- 16 Which, of course, in no way presupposes that the members of the two groups are equally responsible for this failure.
- 17 They also perpetuate inequalities from government-sponsored racial and economic segregation by (among other reasons) magnifying the impact of personal networks and other forms of social capital. Many policies that further just work, by contrast, tend to mitigate that impact even if, as Anderson argues, “comprehensive racial integration is a necessary condition for a racially just future. It is needed to overcome unjust racial inequality in opportunity, undo racial stigmatization, and realize a fully democratic society of equal citizens” (Anderson 2010, p. 189). They do so without, as Shelby argues in response to Anderson, “pushing, or even nudging, blacks into residential integration or to make needed resources available only on condition that blacks are willing to integrate” (Shelby 2016, p. 75).
- 18 See Chapter 5 for policies that cross-redress gender status and economic inequality.

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5

JUSTICE, GENDER, AND THE WORKING FAMILY

A just future . . . would be a future in which men and women participated in more equal numbers in every sphere of life, from infant care to different kinds of paid work to high-level politics.

– Susan Moeller Okin 1989

A Brave New Capitalist's Paradise [with] a limited number of exceedingly wealthy property owners; the proportion of the working population required to man the extremely profitable automated industries would be small; a large expansion of the production of labor-intensive goods and services which were in high demand by the few multi-multi-multi-millionaires; we would be back in a superworld of an immiserized proletariat and of butlers, footmen, kitchen maids and other hangers-on.

– James Meade 1964

Certain occupations impose heavy penalties on employees who want fewer hours and more flexible employment. The lower remuneration can result in shifts to an entirely different occupation or to a different position within an occupational hierarchy or to being out of the labor force altogether.

– Claudia Goldin 2014

I. Speaking of *The Jetsons*

In the introduction, I contrasted two 20th-century visions of the future of America's market society. The first was a future of equitable growth, where the fruits of productivity gains were more or less equally shared, enabling workers up and down the income ladder to translate those gains into better quality of life – including greater wealth, security, and leisure. In many ways, this vision captured the emerging consensus among economists, including Nobel Prize-winning economist Simon

Kuznets, that such growth represented the natural functioning of mature capitalist economies. As a result, work that focused on the distributive impact of (say) technological change was increasingly seen as traditional in the pejorative sense of the term: an old-fashioned fascination with outmoded (perhaps overly moralized) concerns. This vision was reflected in American popular culture, including the iconic cartoon *The Jetsons*. From there, I contrasted this optimistic vision with the concerns of James Meade, Martin Luther King, and others that the United States and other wealthy, democratic societies would become winner-take-all societies, where technological change enabled a relatively small number of capital owners to claim most of the productivity gains.

This contrast may suggest that the world of *The Jetsons* represents an ideal which, alas, we have failed to achieve (but perhaps could still achieve). The world of *The Jetsons* should not be our ideal, I contend, for at least two reasons. First, it is a world where people of color are essentially absent from public life. This near total absence implies, at best, a kind of self-segregation into separate but equal social and economic associations. Of course, far more morally troubling explanations of this absence are also available. Second, it is a world of rigidly gendered division of labor. Jane does most of the unpaid labor for the household, including organization, the purchasing of supplies, and the (highly automated) chores of cooking and cleaning.¹ George does all of the (highly automated) paid labor. He complains about her spending too much. She complains about him not earning enough. This state of affairs, with a rigidly gendered division of labor in the family life, is not our ideal.

II. Gendered division of labor in WTA

Generations of feminists have argued that gendered division of labor threatens equality, subjecting economically dependent women to domination and abuse. In the process, it makes us (women and men) far less free to live in ways that run counter these traditional roles. For example, Susan Moeller Okin writes:

A just future would be one without gender. In its social structures and practices, one's sex would have no more relevance than one's eye color or the length of one's toes. No assumptions would be made about "male" and "female" roles; childbearing would be so conceptually separated from child rearing and other family responsibilities that it would be a cause for surprise, and no little concern, if men and women were not equally responsible for domestic life or if children were to spend much more time with one parent than the other. It would be a future in which men and women participated in more equal numbers in every sphere of life, from infant care to different kinds of paid work to high-level politics.

(Okin 1989, p. 171)²

Some readers may blanch at Okin's eliminativist language. Nonetheless, Americans consistently affirm equality of opportunity on the basis of gender, with most

recognizing that a society with a rigidly gendered division of labor is inconsistent with that equality (McCall 2013, Horowitz *et al.* 2017, Scarborough *et al.* 2018). With this end in mind, it is clear that American society has made a great deal of progress in countering social, political, and legal obstacles to gender equality. In just a few generations we have experienced a great convergence in roles in our social division of labor. Women's participation in the workforce has increased dramatically, from 33% workforce participation in 1950 to 70.9% in 2016. Women now make up nearly half of the American workforce. According to data from the Bureau of Labor Statistics, the gap in wages between full-time men and full-time women workers has narrowed from 55% to 80.5% (84% on an hourly basis, as full-time male employees work more hours than their female counterparts).³ We have also witnessed substantial convergence in occupation. Whereas women workers were previously concentrated in a few (poorly paid) industries, they rapidly entered higher-paying fields from the late 1970s on, driving much of the aforementioned wage convergence (Blau and Kahn 2017, Moore 2018). In terms of human capital development, women now meet or exceed men on most measures. Women are more likely than men to be college educated (Goldin and Katz 2010). Married men are picking up a much larger – though still far from equal – share of the household unpaid labor (Glynn 2018).

Women made much of these gains relative to men even as trends take us further from SWO to WTA. As a result, there is some worry that readers will mistakenly see a renewed focus on just work as a yearning for the “good old days,” a period with rigid racial and gender hierarchies. Moreover, treating temporal correlation with causality, they may be inclined to interpret gains in gender and racial recognition as the source of the problem.⁴ Certainly, I make no such claim. The concerns captured by just work are not merely those of a white male workforce that fears losing its place in American society. If anything, a public philosophy and public policy of just work is even more important for those concerned with racial and gender inequality. For reasons we discuss at length in Chapter 4, trends toward WTA have hit black Americans hardest, swamping the economic impact of gains in educational opportunity, economic position, and legal and social recognition. In order to make significant progress toward racial and economic equality, we need a public philosophy that justifies social and economic policies that combat or mitigate the impact of these trends for all Americans.

Because race overlaps with class in ways that gender does not, the impact of WTA on gender inequality is less significant. In part for this reason, progress toward gender economic equality (relative to black/white equality) has been more substantial. Nonetheless, trends toward WTA also undercut the economic gains from progress in recognition and educational opportunities, making harder to complete what economist Claudia Goldin calls “The Final Chapter” in gender convergence in our social division of labor. One source of gender economic inequality is remaining occupational differences, as industries where the majority of workers are women tend to pay less than industries where the majority of workers are men. Nonetheless, there has been dramatic gender convergence in managerial

and professional employment in the past three decades. Whereas women professionals used to be concentrated in K–12 education, at this point the differences in employment in traditionally “male” professions is negligible (Blau and Kahn 2017). Recent analysis suggests that most of the remaining wage gap between men and women in the US exists within occupations, rather than between them (Goldin 2014, Moore 2018, Blau and Kahn 2017). Part of this gap likely reflects gender differences in ability⁵ to bargain for wages (Babcock and Laschever 2003). Some is likely due to discrimination, as evidence suggests that men are treated differently than women with children (Correll *et al.* 2007, Blau and Kahn 2017). Others suggest a difference between women and men’s “willingness to compete,” though the data here are decidedly mixed (Niederle and Vesterlund 2007, Manning and Saidi 2010). As Goldin argues, however, these factors fail to explain key features of the gender inequality in our WTA society. She writes:

They do not explain why different amounts of time out of the labor force and different numbers of hours worked per day or per week have a large effect on the time-adjusted earnings in some occupations but not others. They do not explicate why some positions have a highly nonlinear (convex) pay structure with regard to hours worked and some are almost perfectly linear. . . [They] do not help illuminate why earnings differences by sex expand so greatly with age. They also do not explain why women without children generally have higher earnings than women with children and why the former’s earnings are almost equal to those of comparable men.

(Goldin 2014, p. 1094)

While most of the remaining gender pay gap is due to intra-occupational inequalities, rather than occupational differences, such inequalities vary widely by occupation. In some occupations – generally speaking, work in the fields of health, science, and technology, civil services, and employment governed by collective bargaining – relatively little gender pay gap exists when we account for differences in hours worked. For others – in particular management, finance, and the law – the pay gap is dramatic. Even in the law, however, it typically takes several years for gender differences in pay to develop, and depends heavily on whether workers are married and have children. This impact is consistent with the workforce as a whole, where unmarried women without children make 96% of what their male counterparts make (U.S. Bureau of Labor Statistics 2013). The impact of children also depends upon the income of a woman’s spouse, with those married to high earners experiencing a much greater decline in hours and pay. Perhaps due to the intersection of race and class (including rates of incarceration) among women, lower- to middle-income black women are the only demographic group that does not experience a decline in wages and workforce participation after having children (Goldin 2014, Blau and Kahn 2017, Budig 2014, Glynn 2018).

What explains these phenomena? It is possible that lawyers and business people are more likely to practice wage discrimination against women, discourage

ambition, punish bargaining, and so on, whereas employers in government, in health, science, and technology, and in union shops do not. Goldin, however, suggests a different explanation. “Certain occupations,” she writes,

impose heavy penalties on employees who want fewer hours and more flexible employment. The lower remuneration can result in shifts to an entirely different occupation or to a different position within an occupational hierarchy or to being out of the labor force altogether.

(Goldin 2014, p. 1106).

Simply put, in professions where workers are largely substitutable for one another, employment flexibility can be achieved at relatively little cost. People with children, in turn, are far more likely to work reduced hours without exiting the workforce entirely. As a result, pay tends to reflect human capital plus hours worked. In business (particularly corporate and financial sectors) and law, by contrast, workers face a substantial penalty for employment flexibility.

While there is relatively little gender pay gap between recent graduates of prestigious business schools and law schools, the gap grows quite large over time. In many occupations, what matters is not only the amount of hours worked but also when those hours are worked, as the employee who is around when others are will often be rewarded more than the employee who leaves during the day (say, to pick children up from school) and then makes these hours up later at night (after the children go to bed).⁶ Longer hours and workforce continuity, moreover, may be interpreted as a sign of motivation and commitment to the firm or project (Blau and Kahn 2017). Those who deviate from the norm – the norm being always available to meet with clients and colleagues – pay a huge penalty, even if differences in total hours worked are small. In addition, people concerned with greater flexibility tend to gravitate to less profitable firms, where 24/7 availability is less likely to be the norm (Bertrand *et al.* 2010, Goldin 2014, Blau and Kahn 2017). To complete the last chapter toward gender equality, Goldin concludes, we need to explore as many avenues as possible to lower the costs of work flexibility, recognizing that some occupations – from CEO to trial lawyer to mergers-and-acquisition banking – will continue to be 24/7 positions where employees and managers are always on call.

To some, the fact that much of our remaining gender economic inequality can be explained through the decision to have a child, the choice of occupation, and the choice of employment within that occupation means that the gender pay gap is not a problem (a “myth”).⁷ This conclusion, however, threatens to ignore the ways in which gender norms structure women’s choices in WTA. In many cases, gender norms can make it rational for families to choose men as the primary earner in family economics, and for women to select lower pay employment, even if they would likely make a different choice in a context with more egalitarian norms (Schieder and Gould 2016). Moreover, while no individual is forcing people to select a particular job or occupation, the fact that much gender inequality can plausibly be

linked to individual choices does not mean that there is no reason to care about that inequality. Nor does the fact that choices are made against the backdrop of unequal opportunity “exonerate” people from responsibility for those choices. Recall our discussion of luck egalitarianism in Chapter 2. My argument is not that inequality is just if it reflects an individual’s responsible choice but that women’s choices in the contemporary United States are not responsible in the relevant sense because, due to the persistence of inequalitarian gender norms, the relevant background conditions of equality of opportunity have not been met. Like most Americans, I have little interest in a public philosophy that denies women’s agency and responsibility in the status quo. My claim, instead, is that in order to combat the gender economic inequality that remains, we must not only recognize the importance of (often internalized) social norms but also identify the ways in which general economic trends and institutions mitigate or exacerbate the impact of these norms.

With this end in mind, Goldin’s suggestions are clearly sensible. Given current sources of gender inequality, increasing employment flexibility would likely make a much greater impact in the United States than legislation that treats the issue as one of wage or employment discrimination. Readers of this book may have noticed another feature of this analysis: the gender pay gap is greatest when small differences (in this case, differences in work-week flexibility) lead to great income and wealth inequalities. To put the point a different way, a substantial portion of the remaining gender wage gap in the United States is the product of winner-take-all markets. In occupations where pay is linear, reflecting differences in human capital and hours worked, the within-occupation hourly wage gap between men and women largely disappears. Moreover, gender differences in pay are greatest at the top of the income ladder, in the very occupations (such as finance and management) whose compensation has exploded in the past four decades, relative to the marginal to nonexistent real gains of other workers (Goldin 2014, Blau and Kahn 2017).

As a result, while women comprise nearly half of the American workforce, they make up little more than a quarter (27%) of the top decile of highest paid workers, and only 17% of the one-percenters. This poor representation of women at the top of the income bracket is shared by most high-income nations, with women representing even smaller shares of the top 1% in comparatively egalitarian countries such as Denmark and Norway (Atkinson *et al.* 2018). One major difference, of course, is that in these countries the gap in compensation between those at the top and the rest of the population is far smaller, narrowing the overall impact of poor representation at the top. Combined with greater equality at the median, these countries score much better than the United States in wage inequality overall. In the US, by contrast, WTA markets exacerbate the gap in earnings between men and women due to residual differences in our gendered division of labor.⁸

III. Just work feminism

From the perspective of just work, the overall distribution of the gains from economic growth matters a good deal more than the demographic composition of top

earners. Gender wage inequality is most pronounced at the top of winner-take-all professions, where at least a middle-class life for an individual and their families is most secure. The point, of course, is not to deny that there is an injustice when women of great economic and educational privilege possess less of a chance at reaching the top of winner-take-all markets than similarly privileged men. Just work is not a comprehensive theory of justice. Nonetheless, what matters most to Americans struggling to keep up in WTA is that we make progress toward an equitable growth society where all workers can turn their efforts into a better quality of life for themselves and their families. Perhaps no group experiences this concern more acutely than black working mothers who, despite the fact that they face no “motherhood penalty” in terms of wages and hours worked, are more likely than other groups to be in the bottom half of the income ladder, even as they are also more likely than white women to be a family’s sole or primary earner (Glynn 2018). Recall Meade’s dystopian picture of a “Brave New Capitalists’ Paradise,” where

there would be a limited number of exceedingly wealthy property owners; the proportion of the working population required to man the extremely profitable automated industries would be small; a large expansion of the production of labor-intensive goods and services which were in high demand by the few multi-multi-multi-millionaires; we would be back in a superworld of an immiserized proletariat and of butlers, footmen, kitchen maids and other hangers-on.

(Meade 1964, p. 33)

Meade’s concern is that technological change would lead to a widespread shift in employment from manufacturing to a lower-productivity service sector. In the process, this transformation would upset the midcentury balance of political and economic power, moving us further and further from an equitable growth society, in which gains in productivity lead to widespread gains in wealth, security, and leisure, to a society in which a relatively small portion of the population captures most of those gains.

To be sure, when we compare the wages of individual workers during movement from SWO to WTA, men have been hit much harder by these trends than women. Even as the wages of the typical male worker have failed to keep up with rising costs of living, the typical woman worker is making more than ever. It would be a grave error, however, to conclude that trends toward WTA only (or primarily) hurt men. The majority of the “immiserized proletariat” in American society are women, who remain more likely than their male counterparts to find low-wage, insecure, “dead-end” employment in the service industries. Women represent 63% of minimum wage workers. Covid-19 has hit such workers especially hard, likely accounting for part of the uneven impact of social distancing and lockdowns on male and female workers (Alon *et al.* 2020, Chambers 2020, Cowan 2020). Contrary to the midcentury norm where such work typically represented

a short-term response to economic hardship, most families now depend on this work to meet their basic needs, living a relatively minor (short-term) setback in health or employment from financial ruin. Senator Elizabeth Warren and Amelia Tyagi write:

The Two-Income Trap is thick with irony. Middle-class mothers went into the workforce in a calculated effort to give their families an economic edge. Instead, millions of them are now in the workplace just so their families can break even. At a time when women are getting college diplomas and entering the workforce in record numbers, their families are in more financial trouble than ever. Partly these women were victims of bad timing: Despite general economic prosperity, the risks facing their families jumped considerably. . . . As millions of mothers entered the workplace, it became increasingly difficult to put together a middle-class life on a single income. The combination has taken these women out of the home and away from their children *and* simultaneously made family life less, not more, financially secure.

(Warren and Tyagi 2004, p. 10–11)

While Warren and Tyagi's analysis here⁹ has little to say about the relative trade-offs made by men and women of great economic and educational privilege, it speaks directly to the challenges that WTA presents for most working women and their families. Their goal, it should go without saying, is not to shepherd women back to their rightful place in the home. Instead, it underlines the basic fact that the best way to improve the situation of the majority of American women is to help them attain a larger and more secure share of the fruits of economic growth, making less of what matters most depend upon their ability to attain the sort of jobs that are fewer and farther between in WTA. Warren certainly does not deny that fair race matters. She is clearly not ignorant of the challenges women confront in their attempt to reach the summit in the fields of law, business, and politics. Nonetheless, the primary focus of her efforts for more than a decade has been to further justice according to the principle of just work.

In addition to reforms we consider in Chapter 7, which aim to further just work generally, a just work feminism will explore avenues for reform where the promotion of just work “cross-redresses” the remaining inequalities in our gendered division of labor. Cross-redressing, as we discussed in Chapter 4, involves using measures associated with one principle of justice to remedy injustices according to other principles (Fraser 2003, p. 83). For example, consider support for child care and early childhood (pre-kindergarten) education. Funding for early childhood education is typically defended by reference to justice as fair race. Significant evidence suggests that the availability of such education narrows the opportunity gap that results from inequalities in parental wealth and education (Elango *et al.* 2016, Deming 2009). Government-funded expansion of early childhood education may further just work as well. The public provision of child care and education

combats a great inefficiency in existing markets. As economists Sandra Black and Jesse Rothstein note:

This early childhood period also coincides with a period when parents' own earnings are lower and they are thus least able to afford the substantial expenses that young children bring. Because the benefits of investments in child development are not easily collateralized (as they appear through better longer-run outcomes far in the future, when the children are grown, as children's own future earnings cannot be encumbered), it may be difficult for parents to borrow to finance this investment, even if they wanted to.

(Black and Rothstein 2019)

Simply put, while investment in early childhood education provides substantial benefits in terms of future productivity, reduced reliance on public support, lower criminality, and a variety of other standards, in the status quo such investment depends upon those who can least afford it, and are largely unable to borrow to do so (Elango *et al.* 2016, Black and Rothstein 2019, Caucutt and Lochner 2017). As a result, there is good reason to believe that Americans chronically underinvest in such education. Supporting early childhood education also raises the demand (and, depending on the relevant policy, also the pay) of early childhood educators, while freeing parents to continue in labor in full-time positions that provide greater pay, stability, benefits, and opportunity for advancement. The availability of publicly provided child care also makes it easier for people to move in search of better employment, a move which often involves losing access to trusted family and friends who could help care for children. Greater investment in child care and early childhood education offers a significant payoff for just work (Morrissey 2017, Chaudry and Hamm 2018).

In the process, such support functions to cross-redress inequalities in our gendered division of labor. The majority of both paid and unpaid work in caring for and educating young children is done by women. Any policy that raises the pay of these workers will, all things being equal, narrow economic inequalities due to occupational sorting. Furthermore, the availability of such child care functions to shrink the "motherhood penalty," creating more equal opportunities between men and women in a society with a gendered division of labor. The sudden closure of schools and many child care facilities in response to Covid-19, by contrast, threatens to greatly magnify this penalty, with potential long-term impact on women's relative career advancement. As Becky Pettit and Jennifer Hook demonstrate in their 21-nation study of the role of social policy on gender economic policy, many public policies function to trade gains for gender equality on one measure for greater gender inequality on another measure.¹⁰ For reasons we considered earlier, policies that encourage greater workforce participation often lead to greater inequalities in earnings between women and men that are in the workforce, as women are more likely to work in jobs with greater employment flexibility. One exception

to such a trade-off is the provision of child care, particularly at an early age. “In contrast to part-time work availability,” Pettit and Hook argue,

[p]ublicly provided child care is likely to foster women’s labor market inclusion and simultaneously afford greater equality in other economic outcomes. . . . Public child care should relieve women of domestic responsibilities, enabling them to devote time to developing skills that would enhance their workplace standing and performance. Moreover, we suspect that employers are more willing to hire and promote women – and mothers – in countries that endorse parental employment and the collective care of children.

(Pettit and Hook 2009, p. 36–37)

Such support also sends a clear message about the social value of those who teach and care for our children at this crucial point of development – countering the stigma that is often attached to such traditionally low-paid “women’s work” (Okin 1989, Gould 2015, Schieder and Gould 2016, Whitebook *et al.* 2014). Early childhood education itself, in turn, could be designed to facilitate norms of gender equality, countering stereotypes that often form early in a child’s development (Chi 2018, Weinraub *et al.* 1984). In short, there is significant reason to believe that such a policy approach combats economic inequality that results from our remaining gendered division of labor while furthering the ability of millions of American families to reach a middle-class quality of life.¹¹ Public support for child care and early childhood education should be a central goal of just work feminism.

IV. Conclusion

This chapter does not concern gender justice as a whole, addressing every compelling claim of gender injustice.¹² Instead, I consider the impact of trends toward WTA on gender-based wage inequality, while highlighting the relevance of just work to the challenges facing working women and their families. These issues are central to what I call just work feminism. With these goals in mind, it is important to recognize that while the effects of trends toward WTA on gender inequality may be less significant than race and class, winner-take-all markets exacerbate the wage inequalities that result from what remains of our gendered division of labor. Gender differences in pay are greatest at the top of the very occupations (such as finance and management) whose compensation has exploded in the past four decades, relative to the marginal to nonexistent real gains of other workers. In occupations where pay is linear, reflecting differences in human capital and hours worked, the within-occupation hourly wage gap between men and women largely disappears. The focus of just work feminism, however, is on the millions of women who comprise the majority of low-pay, low-benefit workers in the United States. In addition, those committed to just work feminism will prioritize policies which, in the process of furthering just work, cross-redress gender inequality by narrowing the extent and impact of our gendered division. One clear example of such a policy, I conclude, is expanding government support for child care and early childhood education.

Notes

- 1 In a famous moment from the opening credits, George drops Jane off at the shopping center on the way to work. In the process, he pulls a large (\$20?) bill from his full wallet and gives it to her. Instead of grabbing the single bill, however, she simply takes the wallet, exiting the compact saucer as George grimaces (never mind that she does all of the shopping for the family).
 - 2 Similarly, while respecting the freedom of women to choose different roles, Anca Gheaus argues that “a society is gender just only if the costs of a gender-neutral lifestyle are, all other things being equal, lower than, or at most equal to, the costs of a gendered lifestyle” (Gheaus 2012, p. 10).
 - 3 For a historical analysis of the gender pay gap, see (Blau and Kahn 2000, 2006a, 2006b).
 - 4 That our present situation would (somehow) look like *The Jetsons* if only efforts to achieve gender or racial equality hadn’t gotten in the way.
 - 5 In particular, how such bargaining is perceived by others.
 - 6 Microfoundations for these macro phenomena appear pretty straightforward. Goldin writes,

In many occupations employees meet with clients and accumulate knowledge about them. . . . Equivalently, employees often gain from interacting with each other in meetings or through random exchanges. If an employee is not around that individual will be excluded from the information conveyed during these interactions.
(Goldin 2014, p. 1104)
 - 7 See (Greszler 2018).
 - 8 Though on the “plus side,” this inequality means that the United States is home to more than a third of the world’s women billionaires, more than the next three countries combined. www.forbes.com/billionaires/list/
 - 9 Written prior to Warren running for elected office.
 - 10 Pettit and Hook focus on four measures: (1) workforce participation, (2) share of full-time employment, (3) occupational integration, and (4) wage equality.
 - 11 As Mark Fleurbaey notes, citing the work of Nobel Prize-winning economist James Heckman,

[T]here is today a clear consensus that early childhood education and care, if of good quality, brings with it a wide range of benefits, including better child well-being and learning outcomes, more equitable outcomes and the reduction of poverty, increased intergenerational social mobility, higher female labor market participation and gender equality, and better social and economic development for society at large.
(Fleurbaey et al. 2018, p. 152).
- See also <https://heckmanequation.org/about-professor-heckman/>.
- 12 For example, this work does not address what I consider to be a central form of gender inequality: the ability to walk around in public without fear of violence, harassment, or sexual assault. Needless to say, this omission reflects the place of this chapter in a book on just work, rather than a lack of concern with safety and bodily integrity.

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6

ABDICATING THE THRONE

The political economy of justice

No statement of an ideal that is likely to sway men's minds can be complete: it must be adapted to a given climate of opinion, presuppose much that is accepted by all men of that time, and illustrate general principles in terms of issues with which they are connected.

– F.A. Hayek 1960

The problem of sufficient conditions for an increase in welfare, as compared to the necessary conditions for a welfare maximum, is obviously important if policy recommendations are to be made in the real world.

– R. G. Lipsey and Kelvin Lancaster 1956

I. Is this book too conservative?

In the next chapter, we will consider a number of potential reforms to American society. Before that, it might be useful to briefly clarify and defend my methodology for two (at times overlapping) groups of readers who may find my principle-based focus on incremental reform unduly conservative. Some readers may reject my efforts to articulate, preserve, and build on widely shared principles of American public philosophy, instead favoring a radical revision of those principles. For these readers my book is too conservative in that it is not radical enough to confront the flaws in our shared values and the challenges WTA presents for realizing these values. Others may worry that my work is too conservative in the sense that it is insufficiently ambitious. It fails to articulate a picture of an ideally just or free society, a society that, though we may never reach it, can stand as the goal for us to strive for individually and collectively.

Let's begin with the first way in which this book may be too conservative. One potential form of radical revision is to embrace a libertarian public philosophy that

is indifferent to growing distributive and opportunity inequalities. This understanding of justice represents a dramatic divergence from American public philosophy, including the beliefs of meritocratic conservatives who, at least with respect to economic institutions, may appear to be natural allies. Recognizing this divergence, a possible libertarian response is to simply declare, “So much the worse for American conservatism.” The beliefs of everyday Americans, including meritocratic conservatives, about markets and responsibility are simply confused, ignorant, or wrongheaded. We should reject them. With this response in hand, then, our question becomes: what would such a rejection entail as a public philosophy, as a guide to public policy in the contemporary United States?

Given the negative moral externalities of distributive and opportunity indifference in the political and economic status quo, job one for a libertarian politics is bringing about the radical social or cultural rejection of our putative public philosophy of personal responsibility, which holds people accountable for their successes or failures. At every opportunity, libertarians need to shout from the metaphorical rooftops that success or failure in markets is not a matter of personal virtue, a source of moral praise or blame. Poor people aren’t poor because they are lazy. Rich people aren’t rich because they are hardworking. The idea is not, *qua* luck egalitarianism, to embrace putative notions of personal responsibility but then exonerate individuals from such responsibility (because the requisite preconditions have not been met). Instead, the aim is to release our public philosophy of markets from its Smithian moorings of merit and virtue. This job is a challenging one to be sure. There is substantial reason to worry that such declarations, distant as they are from widespread convictions about how market societies should (and naturally do) function, will still fall on deaf ears, even as other libertarian arguments are gobbled up by conservative and “libertarian” political actors to serve different ends.

In addition, I worry that such declarations will not be sufficiently forthcoming to make the necessary impact. First, although consistent with his normative understanding of merit, such a politics appears to directly contradict Hayek’s instrumental argument for personal responsibility, which treats the myth of meritocracy as a useful fiction. Similarly, libertarians may fear that the widespread rejection of merit will invite further government intervention into markets, even socialism. Like many economists,¹ libertarians may also be loath to displace any set of beliefs, however dubious, that encourages public support of markets. With respect to his fellow economists, Dani Rodrik writes:

Academic reputations are built on new and imaginative demonstrations of market failure. But in public, the tendency is to close ranks and support free markets and free trade. This dynamic produces a “barbarians are only on one side” syndrome. Those who want restrictions on markets are organized lobbyists, rent-seeking cronies, and their ilk, while those who want free markets, even when they are wrong, have their hearts in the right place. Taking up the cause of the former gives ammunition to the barbarians, while siding with the latter is, at worst, an honest mistake with no huge consequences.

(Rodrick 2015, p. 170)

If libertarians believe that forces against free markets are already too strong (and concentrated) and the public support of markets too weak (and diffuse), they may resist any effort to encourage, much less implore, people to give up their tendency to assign praise or blame. Finally, it is important to note that (if successful) such a rejection entails the death of conservative/libertarian fusionism, and with it the basis of much of libertarian political influence in American politics. For all of these reasons, I fear that libertarians will not move undermining the myth of American meritocracy to the front of their political agenda. Even worse, they may encourage the belief that our market society, by virtue of having a “market” (rather than a centrally planned) economy, generally gives people what they deserve.

If successful, however, such a campaign might also open up space for policy proposals such as Milton Friedman’s proposed negative income tax or other versions of a basic income guarantee, such as those advocated by Matt Zwolinski and Michael Munger. Though not without reservation, Friedman endorses a negative income tax to replace the existing welfare state that, on his view, is both horribly inefficient and insultingly paternalist.² In addition, a sufficiently robust negative income tax furthers Friedman’s own understanding of economic freedom, while redeeming (or at least making more plausible) his conviction that markets enable cooperation without coercion (Preiss 2015). Libertarian Matt Zwolinski, in turn, argues that an unconditional basic income is not only preferable (on pragmatic grounds) to the existing welfare state, but also follows from fundamental tenets of libertarian political philosophy, including Hayek’s focus on limiting public and private coercion (Zwolinski 2013, 2019). He also suggests that a basic income might approximate what Robert Nozick calls the principle of rectification (Zwolinski 2013).

Any “backward looking” or historical entitlement theory, Nozick argues, relies on principles of just acquisition, just transfer, and the just rectification of past injustice.³ When Nozick (very briefly) discusses moving from the ideal theory of historical entitlement to the practice and policy of justice in a non-ideal world filled with historical injustice, he writes that

[p]erhaps it is best to view some patterned principles of distributive justice as rough rules of thumb meant to approximate the general rules of applying the principle of rectification of injustice. For example, lacking much historical information, and assuming (1) that victims of injustice generally do worse than they otherwise would and (2) that those from the least well-off group in society have the highest probabilities of being the (descendants of) victims of the most serious injustice who are owed compensation by those who benefited from the injustices . . . then a rough rule of thumb for rectifying injustices might seem to be the following: organize society so as to maximize the position of whatever group ends up least well-off in society.

(Nozick 1974, p. 231)

As a less progressive alternative to such a maxim, in principle,⁴ Zwolinski suggests an unconditional basic income that, while failing to fully rectify past injustices, will nonetheless insure that the descendants of victims of past injustice are neither left

destitute nor, in Hayek's terms, subject "to coercion by arbitrary power of others" (Hayek 1960), including those who benefit from that injustice.

Zwolinski's arguments, featured in a symposium at the libertarian website Cato.org, were subject to a number of criticisms from commenters, including fellow libertarians such as Michael Huemer and David Henderson. One common response is to underline Nozick and Zwolinski's point about our relative paucity of information on the link between past injustice and current inequality, but then use it as an argument *against* various practical implementations of the principle of rectification. This response is puzzling, to say the least. The whole point of Nozick's thesis is to defend a normative account of property rights against the sort of "intrusions" that were increasingly pervasive in the status quo: progressive taxation, an expanding welfare state, and so on. His answer was a backward-looking historical entitlement theory. Several critics of Zwolinski, however, treat the principle of rectification as itself a violation of property rights. In essence, they stipulate in advance a normative claim that Nozick labored hard to establish (at least in principle) and then, via that stipulation, reject the principles that Nozick utilized to render his historical entitlement theory plausible in the first place. While I can see the appeal of a historical entitlement theory of justice as an alternative to other principles, including just work and fair race, what I can't wrap my head around is how a person can affirm a theory of justice that is fundamentally about history but then, when considering the practical implications of that theory, argue that we should ignore all but the most recent history (because it is too difficult to disentangle the benefits and burdens of past injustice). What is even more bewildering is the implication that it is incumbent upon critics of libertarian theories of historical entitlement, rather than proponents, to develop and defend a compelling account of the principle of rectification.⁵ All that said, libertarianism represents a radical transformation of our public philosophy of markets. Although this is not my approach,⁶ it must be recognized that, if successful, such a transformation will at least counter some of the worst consequences of opportunity and distributive insensitivity in the status quo, including the perception of the poor and working poor as lazy or licentious. If a substantial basic income becomes law of the land, then it will also help to combat poverty of individuals and their children who have been denied social welfare benefits in the attempt to encourage them to "take responsibility."

Another (similarly) radical response to trends toward WTA is to reject markets in favor of socialism. By socialism here I don't mean social democracy, a political theory that accepts markets as the primary source of production and distribution but attempts to structure market societies to enable a widespread sharing of the benefits of that society, countering forms of economic inequality that can lead to political domination. Such political theory sits quite well with America's Smithian understanding of a well-ordered market society. It follows from his normative concerns, even if the appropriate reforms to counter WTA may differ in important ways from those necessary to counter mercantilism. A radical socialism, instead, entails a centrally planned economy with collective ownership of the means of production.⁷ It is important to be clear here, in part because, in American public

discourse, it is not uncommon for political actors to critique social democracy by reference to the limits and dangers of socialism.⁸ With a socialist economy, it would in theory be far easier to insure that the benefits of economic growth remain equitable. Indeed, since trends toward WTA parallel some of Marx's dismal predictions for the future of capitalist societies, the time may appear increasingly ripe for a socialist revolution.

My approach throughout the text has been to work with and through widely shared values and convictions, rather than try to convince Americans to affirm principles of justice that are inconsistent with those convictions. As F.A. Hayek argues,

No statement of an ideal that is likely to sway men's minds can be complete: it must be adapted to a given climate of opinion, presuppose much that is accepted by all men of that time, and illustrate general principles in terms of issues with which they are connected, (Hayek 1960, p. 47).

Hayek here recalls Lincoln's observation regarding the importance of public sentiment for successful reform, radical or otherwise. After identifying the plurality of American principles of economic justice (our public philosophy of markets) my analysis both (1) helps to identify the practical implications of these values and (2) demonstrates the ways in which some of these values take on greater normative and practical importance given our political and economic realities.

In part for this reason, I will not address the case for the large-scale abandonment of markets (across industries) in favor of a socialist economy, an institutional turn that is only remotely feasible, and feasibly democratic (rather than autocratic) with a radical revision of our public philosophy. Instead, I will argue for a series of political and economic reforms to counter or mitigate trends toward WTA, rooted in our Smithian public philosophy. Following Smith's comparatively modest, public, incremental approach to philosophy and political economy (Schliesser 2017, Sagar 2018) neither my analysis nor my proposals depend upon a radical revision of our public philosophy of markets or the rejection of a market-centered political economy. If successful, this work challenges the minds of readers, introducing them material across disciplines and connecting that work in important (even novel) ways. My conclusions may be unexpected. The proposals I consider may to some appear quite radical and, if successfully adopted, may significantly aid the pursuit of just work. Nonetheless, my approach to public philosophy works to meet my fellow citizens (philosophically and institutionally) where they are.

II. The theory and practice of justice in the second-best (at best) world

In the process, I leave myself open to claims that my proposals, in both theory and in practice, are simply not radical enough to confront the challenges we face. In addition, they may appear to reflect a kind of moral compromise for those who see

what I propose as standing a great distance from their picture of an ideally free or just society (or world). Without denying that radical revision (rather than incremental reform) may sometimes be called for, I want to caution against such idealization. At times, debates proceed from the lofty throne of the philosopher-king or economist-king who can adopt whatever basket of policies they want, whenever they want. My point is not that in such debates philosophers and economists treat themselves as members of a privileged caste who know better than everyone else – and who could solve most of our most pressing problems if only they were king. The problem, instead, is judging reforms in the status quo by reference to a picture of an ideally just or free society. This orientation explains, I believe, why academics (in particular) at times pitch debates over economic justice in terms of the relative merits of “capitalism” or “socialism” as ideal-types. From the perspective of the philosopher-king, it is natural to treat questions about how to structure markets in the status quo as a question of competing ideal pictures. Nonetheless, there are a number of problems with this approach. First, there is a tendency for proponents of capitalism or socialism to judge their preferred mode of production in its idealized form, while judging the alternative in its actual, messy, imperfectly realized form. The comparison is often rigged from the start.

More basically, the comparison of capitalism and socialism as ideal types is simply not very helpful to questions about how to (or not to) reform existing market institutions. To begin to see why, it is important to recognize that real-world political and economic reforms, and the philosophical and ideological movements that drive them, operate in a world that is inevitably second best (at best). In economics, the theory of second best concerns any market where one or more optimality condition has not been meant. According to what is sometimes called the *first welfare theorem in economics*, perfectly competitive markets of self-interested agents are Pareto-optimal (Arrow and Debreu 1954). That is, it is not possible to make another person better off without making another person worse off. In perfectly competitive markets,

- 1 There are no interdependencies among people’s utility functions.
- 2 There are markets for all goods and services.
- 3 There are no barriers of entry or exit into the market (such as patents or immigration restrictions).
- 4 There are so many traders in every market that no one trader (such as Apple or Walmart) can influence prices.

As Richard Lipsey and Kevin Lancaster show in their essential paper, the existence of one of these market “distortions” means that bringing markets closer to optimality in another respect may actually make markets function less efficiently on the whole (Lipsey and Lancaster 1956). In many cases, market imperfections function to cancel each other out.

To put the point more generally, bringing markets closer to how they function in the ideal case may not, in fact, further the normative principle(s) that made the

ideal case “ideal” in the first place. For Lipsey and Lancaster, the principle concern is welfare understood as Pareto efficiency. They write, “[T]he problem of sufficient conditions for an increase in welfare, as compared to the necessary conditions for a welfare maximum, is obviously important if policy recommendations are to be made in the real world” (Lipsey and Lancaster 1956, p. 17). This general point, however, holds whether the principle in question is Pareto efficiency, as is customary in welfare economics, or some other principle. It also holds if the ideal is a theory of a perfectly just or free society, rather than a model of a perfectly competitive market. Though I may not go as far as Mark Blaug in claiming that “these beautiful theorems are mental exercises without the slightest possibility of being practically relevant,” it is true that such idealizations can be “grossly misleading” as a guide to practical reform, despite their ability “to generate an endless series of examination questions” (Blaug 2007, p. 594). To adapt Lipsey and Lancaster, in order to think about whether a reform is sufficient to further just work, fair race, or some other principle in the real world, it is simply not helpful to consider what the necessary conditions are for maximizing that principle in the ideal world.

The corollary to this point is to expose as hollow arguments that reference the ideal type as decidedly not a normative ideal; that is, when it is something to avoid rather than something to target. For example, one might respond to attempts to raise marginal tax rates, wage subsidies, government-provided health insurance, public infrastructure investment, and so on by declaring, “That’s socialism!”⁹ The rhetorical move here is to draw a family resemblance between a given reform and the socialist ideal type – which the target audience assumes is problematic – so as to avoid actually considering the concrete impact of that reform in context. Moreover, when pitched as a competition between ideal-types, opponents or proponents of a given reform may help themselves to all of the benefits of the Industrial Revolution – including historically unprecedented gains in wealth, health, and convenience – as providing further evidence for their “more capitalist” alternative,¹⁰ glossing over the great ideological and institutional diversity of all of the component groups responsible for these benefits. As should be clear by now, even if we assume that a free market society is superior to a centrally planned socialist economy, that a given reform looks a bit more “socialist” does not mean that it is a step backward. Indeed, such reforms, though they move us institutionally further from the idealized free market, may represent a normative step forward, according to the very principles (such as just work) that Americans (like Smith) hold as essential to a well-functioning market society. Whatever principles we hold, the relevant question is not “Socialism or capitalism?” When considering the merits of a given reform aimed at furthering just work or some other widely shared principle, whether or not that reform brings us closer to an idealized version of free markets – or, alternatively, a socialist command economy – is (at most) a secondary concern.

With this point in mind, it should be clear that though American public philosophy of markets follows Smith’s understanding of the normative ends of a well-ordered market society, the means to best achieve those ends in our present context may differ in important ways from his 18th-century proposals. Recall from

Chapter 1 that though he recognizes the need for labor-friendly legislation to counter concentrations of economic and political power, for Smith the equitable growth of SWO is largely driven by competition. With no barriers of entry into a given market, competition between merchants and manufacturers keeps profits down, as high profits signal to other participants in the market that they can make good money by producing the same good, but at a lower price. Rapid growth, in turn, produces great demand for workers to meet growing demand for goods and services, resulting in a larger labor share of the fruits of growth. The egalitarianism of Smith's vision extends beyond distributive equality, narrowly understood, to relational equality. In an economy of equitable growth, where workers easily move from one job to another without losing their share of the benefits of growth, and no individual or firm is powerful enough to affect prices for long, it is difficult for any individual or group of individuals to dominate their fellow citizens. In Anderson's terminology, such a market society is one where citizens enjoy comparatively equal authority, esteem, and standing (Anderson 2017).

Workers in the midcentury American economy also profited from market competition and rapid growth. Nonetheless, it would be a mistake to infer from this fact that more competition in this or that industry would have resulted in even more equitable growth. Instead, such growth may reflect an equilibrium generated by two phenomena that, from the perspective of a perfectly competitive market, represent clear market imperfections: first, the rise of giant, cooperative, hierarchical firms, protected from competition by the legal recognition of intellectual property, economies of scale, trade restrictions, and other structural barriers to entry into markets; and second, the rise of large and powerful unions, with the right to negotiate wages and benefits on behalf of their workers, limit the employment of workers below these rates of compensation, and provide a vehicle for political organization. Following the general theory of second best, attempts to reform some of the sources of such imperfections, though they bring us closer to an ideal free market society, may actually make us worse off according the principle(s) – including Pareto-efficiency or just work – that we had for calling that ideal *ideal* in the first place. The point, of course, is not that attempts to reform our institutions to further just work are doomed to fail. Instead, our focus must be on whether or not that reform furthers just work in our current context, rather than whether it brings us closer to an ideal society that best realizes that ideal.

III. A political economy approach

This basic fact is sometimes lost, given the tendency toward idealization in both philosophy and economics. After all, from the perspective of a philosopher-king who can reform our political economy completely and instantaneously (a theoretical snap of the finger) so that it reflects the ideal, the fact that we live in a second-best world doesn't matter all that much. For those of us interested in concrete reforms in the real world, by contrast, I suggest that we adopt what I call a political economy approach to the theory and practice of justice (Preiss 2018). A political

economy approach builds from a basic fact of democratic politics and policy-making: actual reforms are inevitably partial, with each reform shaping the politics of future reforms. Recognizing this reality, a central concern for any market reform is its impact on institutional accountability and the balance of power in that context. Taking the perspective of a philosopher-king causes us to miss this central concern. Rather than positing an idealized vision of a perfectly just or free society, then, theorists need to consider the concrete political impact of a given policy, which depends on other structural features of the society that is considering reform.

For the same reasons, it is also essential keep in mind the link between the economics and politics of just work. In addition to altering the distribution of income, wealth, and opportunity, market reforms also impact political accountability and the distribution of political power, laying the foundations for future reforms. Consider, for example, the impact of several decades of financial market liberalization.¹¹ Key forms of financial liberalization include the lowering of reserve and equity requirements, the repeal of laws that separated commercial banking from investment banking, and the removal of barriers to capital mobility, interest rate caps, and other forms of macroprudential regulations. These reforms enabled wider access to credit, which at least temporarily helped workers as consumers to keep up in the face of a declining share of national income. In addition, they brought us closer to an idealized picture of perfectly competitive markets. In such markets, financial market profits are low, stability is high, and powerful actors possess little to no power to dominate other participants in the economy. Most basically, in these idealized models of markets the link between the politics and economics of market institutions is nonexistent (since these structures are simply stipulated in advance). This ideal can be embraced by Americans from across the ideological spectrum.

Instead of stability and low financial industry profits, however, we were confronted with an explosion of financial profits and the greatest financial crisis in 80 years. Financial liberalization served to more highly concentrate resources in the hands of relatively few agents: those best suited to take advantage of the rise of finance. The winners of this rise translated their exploding profits into political influence through lobbying and campaign contributions. As Senator Richard Durbin put it in an interview shortly after the Great Financial Crisis, “Banks are still the most powerful lobby on Capitol Hill; and they frankly own the place” (Durbin 2009). In addition, liberalization made it easier for dominant players in markets to capitalize on complexity and information asymmetries to gain greater control. Perhaps counterintuitively, liberalization raises the cost and scope of financial market regulation. Increasingly complex and intensified¹² financial markets demand more regulators, and the sort of highly technical knowledge and tradecraft that few citizens or legislators possess. As a result, government agents at times simply transfer their power to set the rules of the game of markets, even regulation itself, to nongovernmental agents (Admati and Hellwig 2013, Admati 2017, Kay 2015, Rodrik 2010, Zucman 2015, Wolf 2015, Das 2010). These trends create a “revolving door” of employment and recruitment between financial firms and the government agencies responsible for regulating their activities. They also provide

the perverse incentive to make both goods and services and regulations complex for complexity's sake. Such complexity insulates powerful agents from political accountability by making highly specialized or insider knowledge at least appear indispensable for the effective governance of modern economies.

All of these features come together to enable financial intermediaries to collect massive rents on the productive activity of the rest of the economy. Seeing the outsize rents of the finance industry, then, pushes traditional manufacturing firms to get more heavily involved in rent-seeking, dedicating more and more resources to finance rather than wages and productive investment, contributing to the decline of just work (Admati and Hellwig 2013, Turner 2010, 2012, 2016, Wolf 2015, Kay 2015, Haldane *et al.* 2010). The past four decades of financial liberalization brought us closer to textbook conceptions of perfectly competitive financial markets, expanding access to financial services. In the process, however, it also concentrated greater power and resources in the hands of those best situated to profit from the rise of finance. This power, combined with growing intensity and complexity of financial markets, enabled them to shape central features of our collective political and economic life (Admati and Hellwig 2013, Turner 2016, Wolf 2015, Kay 2015, Krippner 2011, Blyth 2013). These central features include questions about who should ultimately bear the cost of governmental efforts to respond to financial crisis. When governments bail out too-big-to-fail financial institutions they generate massive public debt in the face of declining tax revenues. Governments in the Eurozone (in particular) responded to the resulting sovereign debt crises through austerity. As Mark Blyth writes in his 2014 postscript to *Austerity*:

Think of the bailouts as a put option exercisable by the top 30 percent on the bottom 70 percent of the income distribution. When the top 30 percent . . . get our assets bailed and public debt balloons as a consequence, the cost of exercising the put-option is paid for by people who don't have many assets and rely on government spending and public goods, but that's what gets cut. The poorest segment of society is forced to pay out an insurance policy that they never agreed to guarantee, and for which they never received a single insurance premium from the holders of the bailed (i.e. insured) assets.

(Blyth 2013, p. 259)

Government agents could respond to such a crisis by adopting aggressively redistributive policies – in effect, taxing those who most benefit from widespread bailouts, and who were far more likely to be involved in the decisions that led to the crisis. A philosopher-king concerned with freedom or just work would likely do just that.

Instead, actual government agents either (1) cut programs that primarily benefit poorer citizens, (2) borrowed from (rather than taxing) elites, (3) or both, resulting in an even higher concentration of assets and power than before the crisis.¹³ Such a state of affairs may appear manifestly unfair and unfree, not because individuals lack freedom of choice within financial markets, but because their lives are increasingly

shaped by institutions that others shape to their own benefit. Nonetheless, when we focus on the impact of liberalization on political power and accountability, that such a “class-specific put option” gets exercised should not be surprising. Political power, the complexity of financial markets, and the concentration of resources in a credit-driven economy all come together to distribute the risk from financial instability. With such power and institutional hierarchies (Pistor 2013), the predictable result of financial crisis is that large banks will be bailed out, homeowners will not, and comparatively poor and powerless citizens pay much of the cost of crisis via cuts in public spending. While financial liberalization expands the menu of financial services from which to choose, just work depends not only upon individual freedom of choice but also upon the relative political and economic power of different individuals or groups and the accountability of the institutions which structure those choices. For several decades, however, we surrendered power and accountability for the promise of greater returns on investment (or, in its absence, at least the ability to maintain our standard of living through enhanced capacity to borrow). The cost of greater access to credit was political and economic domination.

The lesson for future reforms, including those directed at just work, is that any discussion of these reforms must address their potential impact on political accountability and the balance of political power in the status quo. This political focus is all the more imperative in the American context where, as we discussed in Chapter 2, the conservative and anti-majoritarian constitution of American political institutions exacerbate these inequalities in political and economic power. Comparisons of the ideal types of socialism and capitalism are of little help here. Similarly unhelpful are abstract questions about whether we should give priority to markets or to democracy. Since collectives need to make ongoing decisions about how to structure markets, the accountability of these decisions remains relevant to even the most diehard proponents of markets. Absent such accountability, those decisions will likely be made to entrench the power and privilege of those who currently dominate market societies, regardless of whether in practice this entrenchment entails more or less market regulation or centralization. For all of these reasons, I abdicate the throne of the philosopher-king in favor of more contextual analysis of the normative implications of past and future reforms (or failure to reform). As a guide to public philosophy and public policy, the would-be philosopher-king is not all that helpful.

Another way to put this insight is to contrast two different understandings of the ends of the theory and practice of justice. The first treats a theory of justice as being about one thing: an idealized picture of a perfectly just society. The one thing need not reduce to one principle of justice. It is quite compatible with recognizing a plurality of values, where the full realization of one of these values will come into conflict with the full realization of another value. In this picture, however, trade-offs between different principles are argued for or stipulated in advance. The practice of justice, then, concerns attempts to move closer to this idealized picture, recognizing that it may always be imperfectly realized. As I discuss below, this is sometimes

understood to be the Rawlsian understanding of “ideal theory.” My approach, by contrast, treats the theory and practice of justice as being about a number of different things: different contexts with different social and political institutions, each of which succeed or fail to realize principles of justice to different degrees (and for different reasons). While such a theory of justice may recognize the same core principles as the idealized picture approach, it does not attempt to resolve conflicts between those principles in advance, by reference to a perfectly just society. As such, it treats all three of these essential questions in a contextual way:

- 1 Which principles of justice matter?
- 2 Which principles take on greater importance and priority?
- 3 How do we best realize a given principle in practice?

Recognizing the limits and dangers of idealized pictures, it builds the reality of diversity of context into the theory itself. Political and economic realities, then, encourage us to prioritize certain principles, including (at times) making necessary trade-offs between central principles of justice.

IV. Realizing (or moving beyond) Rawls?

Speaking of Rawls, experience suggests that it might be useful to compare and contrast my work to his landmark theory of *Justice As Fairness*. Since neither my previous claims nor my proposals in the following chapter depend upon this comparison, readers should feel free to skip this section. My principal goal is not to present a complete and thorough picture of the Rawlsian canon but instead to capitalize on widespread familiarity with Rawls to bring my ends, methods, and arguments into clearer focus. In the process, I hope to forestall a number of potential misinterpretations, including the too-common refrain in academic philosophy that what an author is doing is “basically Rawls.” In fact, my work does overlap with Rawls’ in a number of ways. First, we are both concerned with public philosophy, in the sense that we build our arguments on (what we believe) to be widely shared values in our public political culture. Neither Rawls nor I present a “universal” theory of justice that applies at all times and places (or for all rational agents). Rawls builds from what he calls the “shared fundamental ideas implicit in the public political culture” (Rawls 1993, p. 100–101). The public political culture of a democratic society, Rawls writes, “comprises the political institutions of a constitutional regime and the public traditions of their interpretation (including those of the judiciary) as well as historic texts and documents that are common knowledge” (Rawls 1993, p. 13–14). One notable difference is that I defend these values by reference to the state of the art in social science study of American beliefs about economic justice. Of course, as is the case in all scholarship, readers may claim that the works I reference (or my interpretation of them) are incomplete or unconvincing. The success of both Rawls’ arguments and my own ultimately depends upon the reader’s willingness to accept what we claim to

be widely shared values. Nonetheless, since my principles build on some of the best evidence we have about American public philosophy of markets, the *publicness* of these principles represents less of a “trust me” story that is likely to convince only those readers who are on board to begin with.

In addition, while I think that the principle of just work is more than reasonable, I don’t defend (or stipulate) an account of the reasonableness of citizens.¹⁴ Nor do I claim that my arguments satisfy what Rawls calls the “liberal principle of legitimacy.”¹⁵ It is useful to recognize that Rawls’ theory here, like Nozick’s, functions as a kind of “if/then” proposition. If citizens recognize the fact of pluralism, that the use of political power is coercive power, understand their fellow citizens as free and equal, and are reasonable, then a society can be just and stable over time. If these conditions do not attain at a given time and place – or at any time or place – then all bets (as it were) are off. Moreover, Rawls argues that these questions of legitimacy and stability are conceptually prior to (and provide the starting points for) a theory of justice which itself relies upon two further idealizations: that all citizens are genuinely willing to abide by whatever principles are chosen and that the social conditions are favorable to just cooperation. In many ways, it is an *unpolitical* political philosophy by design. After all, if citizens are motivated in these ways, imbalances of political power don’t matter. With these qualifications in mind, readers may wonder what, if anything, Rawls’ picture of an ideal society tells us about the theory and practice of justice in the status quo, with a highly contested politics that fails to meet any number of Rawls’ qualifying assumptions.¹⁶ To adapt Blaug, whatever its ability to inspire countless exam questions and student essays, the fact that it is possible for Rawls’ vision to be just and stable over time with idealized citizens (the product of excellent moral and democratic education) is unlikely to be of much comfort (or value) to those concerned with making society comparatively just in the status quo.

A Rawlsian answer to this question is that such an idealized account is essential to serve as the target or goal of non-ideal theory. Rawls himself writes that “the nature and aims of a perfectly just society is the fundamental part of a theory of justice” (Rawls 1971, p. 8).¹⁷ By contrast, Amartya Sen, recalling Judith Shklar and others, argues that “if a theory of justice is to guide reasoned choice of policies, strategies or institutions, then the identification of fully just social arrangements is neither necessary nor sufficient” (Sen 2009 p. 15). To Sen’s argument, Laura Valentini counters that we need an “abstract theory” of “a fully just society” in order to know “how our seemingly conflicting intuitions about justice fit together.” We need an idealized picture, what Rawls calls a “realistic utopia.” She argues that

[i]t is because we find ourselves in situations of uncertainty, disagreement, and confusion that we engage in abstract theorizing along the lines suggested by Rawls. In Rawls’s own words, when we theorize about justice we produce “argument addressed to those who disagree with us, or to ourselves when we are of two minds.” Normative justification “presumes a clash of persons or within one person.” Unless we want to content ourselves with our

unsystematic and diverging intuitive judgments, Rawlsian-style higher order moral reasoning becomes unavoidable.

(Valentini 2011, p. 307)

My work not only recognizes but builds from the fact of pluralism, which, as Rawls claims, occurs within individuals as well as between them. Rather than arguing by reference to an ideally just society, however, stipulating that some principles take “lexical priority” over others – and that those who don’t affirm this priority are unreasonable – I argue that certain principles take on greater priority or urgency given the social, political, and economic realities of a given context.¹⁸ We don’t need a vision of an ideally just society in order to make such arguments, or to claim that a given reform makes contemporary American society comparatively just.¹⁹ Indeed, for reasons I describe in Section II, such an idealized picture can often be (tragically) misleading as a guide to reform in the status quo. It is manifestly false, I contend, that (to give but a few examples from the American context) 19th-century abolitionists in the United States, proponents of women’s suffrage or the Voting Rights Act of 1965, or those who campaign for the government provision of public education available to all children possess no reason to claim that their efforts further justice, even if very, very few (if any) of them could provide a systematic account of an ideally just society that resolves the potential trade-offs between the values they use to defend these reforms and other values that they or their fellow citizens hold that may come into conflict with them. To be sure, proponents of reform need to convince enough of their fellow citizens (or those in power) to undertake those reforms. Their arguments will typically be contested. The force of these claims of justice does not rely upon real (or hypothetical) unanimity.

Moreover, unlike a realist account that reduces politics to power and self-interest, I believe (like Rawls) that proponents of reform at times genuinely and effectively appeal to their fellow citizens’ integrity and sense of justice.²⁰ They do so, however, by drawing on publicly available or widely recognized principles or values and arguing that a given change will better reflect those values in the present context, rather than defending their vision of an ideally just society. Without eschewing claims of legitimacy altogether, my reasons for arguing in terms of shared values are more political, reflecting these basic facts of politics. This “realism” is distinct from the belief that claims of comparative justice will be far more effective, and reforms far more successful and enduring, if they appeal to widely shared values, rather than expecting Americans to affirm principles that are fundamentally in conflict with our public philosophy. Nonetheless, this latter claim is almost certainly true as well.

With these clarifications, my arguments for just work could perhaps be read as revising Rawlsian notions of non-ideal theory to balance different normative principles by reference to concrete political and economic realities rather than an idealized vision of a perfectly just society. In the status quo, this may mean giving greater attention to the sorts of concerns Rawls raises in his discussion of the difference principle, particularly in *Justice As Fairness: A Restatement* (Rawls 2001). To be clear,

if we treat the difference principle as a maximin principle, where inequalities are justified only insofar as they are necessary to maximize the welfare of the worst-off person, then it differs a good deal from my characterization of both just work and American public philosophy of markets. Fortuitously, such a divergence in no way precludes these Rawlsians from supporting several of the policies I articulate in the following chapter. The difference principle (as a maximin principle) may still serve as part of what Sen calls a *plural grounding* for these policies (Sen 2009), reflecting a practical overlap with the millions of Americans who also see a just work society as comparatively just, even if they would ultimately deny that inequalities are just only insofar as they maximize the welfare of the worst-off person. Moreover, if the difference principle is understood in terms of a broader (Smithian) concern with elevating the working poor, where, by virtue of the widespread ability of individuals to translate hard work into at least a middle-class life for themselves and their families, they are to relate to each other as free and equal, then the two principles may in fact be kindred spirits.²¹

Despite these potential overlaps, I grant that my methodology differs from the way in which some understand the purpose of philosophy. Indeed, some philosophers argue that Rawls' own work, which treats people as they are and institutions as they might be, is too practical, political, or realist. "The question for political philosophy," G.A. Cohen claims, "is not what we should do but what we should think, even when what we should think makes no practical difference" (Cohen 2008, p. 268). Like proponents of the libertarian view whom I considered previously (but unlike Rawls), Cohen might respond to the great divergence from his luck egalitarianism and American public philosophy by claiming, "[S]o much the worse for Americans." Cohen's distinction here is not (merely) between political philosophy and politics as the practice of effecting change toward a more just world. Nor is the issue one of making proposals that are politically realistic. Instead, his claim is that for political philosophy it doesn't matter if principles of justice make no practical difference in the policies or institutions that we *would* choose, even if they were achievable, and even if we could convince everyone that we were correct about justice. As Kaspar Lippert-Rasmussen puts it in his recent defense of luck egalitarianism, much criticism of luck egalitarian political philosophy mistakenly proceeds from the presumption that such philosophy has a point, in the sense of being action- or policy-guiding. Instead, at least in Cohen's case, the goal is simply to state a truth that may have no practical or institutional application (Lippert-Rasmussen 2016, p. 191). "If justice is . . . each person getting her due," Cohen argues, "then justice is her due irrespective of the constraints that might make it impossible to give it to her" (Cohen 2008, p. 252–253).

A strong ethical argument can be made for giving greater attention to action-guiding political philosophy (Frazer 2016). Leaving this issue aside, another problem with Cohen's characterization of the work of political philosophy is that thinking through the practical or policy implications of a principle serves as a valuable check on both the plausibility and the relevance of that principle. If the practical implications of a principle are normatively troubling, this gives us reason to doubt the

validity of that principle or its relative importance.²² If the implications of a principle are inscrutable in practice – such that it is difficult to imagine desirable (to say nothing of achievable) policy or institutional responses to this principle – then we lose this check. Without this check, we have little recourse but to turn to more and more idealized thought experiments. Even if one does not believe that political philosophy should have a point, or that citizens' views about justice are relevant to our understanding of how the principles of justice ought to govern the institutions that structure their lives, we need to recognize that while a principle may appear compelling in hyper-idealized thought experiments – such as two people stranded on a deserted island or two-person one-occupation economies – it is unclear what we have actually learned about justice if it has little or no purchase in large societies with millions of workers in countless occupations. Without denying that such thought experiments can be useful when articulating principles of justice, I maintain that determining their usefulness requires us to think through the institutional implications of any “lessons” they teach us, rather than bracketing institutional considerations as irrelevant to what we are supposed to think (as opposed to do) about justice.

V. Conclusion

It is essential to keep these insights in mind in any discussion of reform, including the proposals I consider in Chapter 7. For some readers, the proposed reforms may look “too socialist” or “too capitalist” when compared to their ideal. Nonetheless, our concern is whether a reform furthers just work in our real (second best) world, rather than the claim that it reflects the necessary conditions for maximizing that principle in the ideal world. For example, even if we assume that a free market society is superior to a socialist economy, that a given reform looks a bit more “socialist” does not mean that it is a step backward. Such reforms, though they move us institutionally further from the idealized free market, may represent a clear step forward, according to the very principles we hold for favoring free markets in the first place. Indeed, in American public discourse the invocation of “socialism” is typically a “red” herring – it functions to distract us from a more careful analysis of the issue, reform, or candidate in question.

While I abdicate the throne of the philosopher-king, this book also makes clear that philosophers and economists can be remarkably helpful when their analytical work is sensitive to basic features of politics and seasoned with empirical analysis. Consider, for example, the introduction to the recently created *Economics for Inclusive Prosperity*. In this work, Suresh Naidu, Dani Rodrik, and Gabriel Zucman contend that while “the sociology of the profession – incentives, norms, socialization patterns – often mitigates against adequate engagement with the world of policy, particularly on the part of younger economists . . . economics research has become significantly more applied and empirical since the 1990s” (Naidu *et al.* 2019). This empirical turn is important for many reasons, not the least of which is that “systematic empirical evidence is a disciplining device against ideological

policy prescriptions embedded in preconceived theorizing” (Naidu *et al.* 2019).²³ With this applied, empirically minded focus, contemporary economists propose a number of reforms to combat rising inequality and diminishing opportunity in the United States and elsewhere. Chapter 7 considers several of these proposals. Before doing so, however, it is important to recall the many reasons why, in our current situation, Americans need to prioritize just work.

Notes

- 1 The great majority of whom, though they tend to give priority to competitive markets, would probably not classify themselves as libertarians.
- 2 According to Friedman, Herbert Kronsey “is surely right” when he claims that

the people whose freedom is really being interfered with are the poor in Harlem, who are on relief. A government official tells them how much they may spend for food, rent, and clothing. They have to get permission from an official to rent a different apartment or buy secondhand furniture. Mothers receiving aid for dependent children may have their male visitors checked on by government investigators at any hour of the day. They are the people who are deprived of personal liberty, freedom, and dignity.

(Friedman 1968, p. 111).

- 3 Moreover, it will need to address a version of the Lockean proviso, which, according to Nozick’s modification, implies that “a process normally giving rise to a permanent bequeathable property right in a previously unowned thing will not do so if the position of others no longer at liberty to use the thing is thereby worsened” (Nozick 1974, p. 178). This welfarist understanding of the Lockean proviso, it should be noted, largely pushes to the side Locke’s republican concern for freedom from arbitrary power.
- 4 Where justice entails maximizing the welfare of the worst-off members in society.
- 5 Even without such an account, Nozick’s entitlement theory of justice remains an interesting (though controversial) exercise in ideal theory, just one that doesn’t touch down in our lived reality – an *if/then* proposition where the *if* goes perpetually unsatisfied.
- 6 In Chapter 7 I argue that a jobs guarantee is more consistent with American public philosophy, and just work, than basic income, even as they address related concerns.
- 7 Where government or party agents play a much greater role in setting prices, and perhaps also in determining how much of which goods will be produced.
- 8 It is important to note that the term “socialism” is also used by proponents of social democracy to describe their efforts. While this usage has both historical and global precedent, this variance in usage can lead to a good deal of confusion – hence my clarification.
- 9 Alternatively, though less likely in the contemporary American context, one might respond to essentially the same policies by declaring, “But that’s capitalism!,” meaning that it leaves in place the deep, fundamental flaws of the capitalist mode of production.
- 10 Or, alternatively, to point to all the horrors of the Industrial Revolution – sweatshops, exploitation, alienation, or the breakdown of communities and traditional community ties – as reason for the “more socialist” alternative.
- 11 For a more detailed discussion of the impact of financial market liberalization on our political and economic freedom, see (Preiss 2018).
- 12 “Intensified” here refers to the growth in scope, scale, and volume of financial activity.
- 13 Domestic ownership of public debt is highly concentrated in the so-called 1% (Hager 2016).

- 14 In *Political Liberalism* Rawls explores what he understands as a fundamental question for political philosophy: how is it possible for there to exist over time a just and stable society of free and equal citizens who remain profoundly divided by reasonable religious, philosophical, and moral doctrines? Rawls' answer is that it is possible if citizens are reasonable. "Reasonable" has a very precise definition for Rawls. A person is reasonable if they both "propose fair terms of judgment and abide by them as others do" and "recognize the burdens of judgment and accept their consequences for the use of public reasons in directing the legitimate exercise of political powers" (Rawls 1993, p. 54).
- 15 According to this principle,

Our exercise of political power is fully proper only when it is exercised in accordance with a constitution the essentials of which all citizens as free and equal may reasonably be expected to endorse in light of principles and ideals acceptable to their common reason.

(Rawls 1993, p. 137)

- 16 Among other concerns, as I note in Chapter 1, we are not really in a position to rewrite the Constitution.
- 17 Which, he later claims, has been confirmed by the main arguments of *A Theory of Justice* (Rawls 1971, p. 241). See also (Simmons 2010).
- 18 Even then, at times Americans will want or need to accept trade-offs in favor of values other than just work. These trade-offs cannot be resolved or stipulated in advance, by reference to some idealized vision of a perfectly just society. Indeed, upon closer examination, claims of lexical priority only appear compelling (if they do at all) when we largely fail to do the work I do in the next chapter, moving from theory to practice by considering the impact of concrete reforms in the status quo. As such, while this work demonstrates the urgent need to place just work at the center of our public philosophy, in order to combat or mitigate the impact of trends toward WTA, I do not advocate giving just work lexical or absolute priority, claiming that other values come into consideration only when our society is perfectly just according to just work. Even if the concerns reflected in just work are generally the most urgent, other values still matter.
- 19 My concerns here are distinct from those raised by Charles Mills when he denies relevance of Rawlsian ideal theory to principles of (corrective) racial justice (Mills 2013, 2017). Tommie Shelby, by contrast, expands or revises the Rawlsian framework to think about racial equality as equal civic standing. Shelby makes reference to the idea of a "fully just" society, where ideal theory is used to resolve tensions and disagreements about what justice entails. Nonetheless, his work on racial justice – including his path-breaking "normative nonideal theory of ghettos" – does not depend on an idealized picture of a perfectly just society that resolves any potential conflict between those principles. Instead, as I do in this work, he focuses on the development of principles that could be applied to concrete contexts (Shelby 2004, 2013, 2016).
- 20 Given my consideration of political economy throughout the text, it probably goes without saying that this claim shouldn't be taken to mean that political power isn't a relevant or essential factor – as sources of reform "power" and "integrity" do not function as an either/or on my understanding.
- 21 Though, once again, none of my arguments in previous or subsequent sections relies upon such an interpretation, or the appeal to Rawlsian authority.
- 22 That it can, or should, be traded off for other concerns.
- 23 They continue, arguing that

[t]he empirical bent of economics makes it more difficult to ignore inconvenient facts, when real world markets do not behave like textbook ones. It is harder to idolize markets when research finds international trade produces large adverse effects on

some local communities, minimum wages do not reduce employment, or financial liberalization produces crises rather than faster economic growth – just to point out a few empirical findings from the recent economic literature.

(Naidu *et al.* 2019).

See also (Rodrik 2015).

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7

THE PHILOSOPHY, POLITICS, AND ECONOMICS OF JUST WORK

We live in an age of astonishing inequality. Income and wealth disparities between the rich and the poor have risen to heights not seen since the gilded age of the early part of the 20th century, and are among the highest in the developed world. Median wages for American workers remain at 1970s levels. Fewer and fewer among newer generations can expect to do better than their parents.

– Suresh Naidu *et al.* 2019

It is not a natural law that technological progress will lead to higher wages and improved livelihoods. The fact that the real wages of regular workers have declined over the past four decades, strongly suggests that the overall effect of technological *change* over that period (one hesitates to call it technological progress) has been to reduce the market wages of regular workers. As technology advanced in recent decades, the economy simply seemed to have less need for unskilled labor.

– Anton Korinek 2019

If the goal is merely faster GDP growth, that may be the best approach. If the goal is a healthy labor market, though, aiming the tax code at promoting investment growth is overbroad – that is, much of its effect is disconnected from the purported goal – and paying for corporate and high-income tax reductions with higher taxes on low-wage labor is counterproductive. The implicit message to the market is “try to grow rapidly with as little labor as possible.” The market appears to have listened.

– Oren Cass 2018

The vast sums that are being spent on healthcare are an unsustainable drag on the economy, pushing down wages, reducing the number of good jobs, and undermining financing for education, infrastructure, and the provision of public goods and services that are (or might be) provided by federal and state governments.

Working-class life is certainly under threat from automation and globalization, but healthcare costs are both precipitating and accelerating the decline.

– Anne Case and Angus Deaton 2020

When the regulation is in favor of the workman, it is always just and equitable.

– Adam Smith 1999

I. American public philosophy in a winner-take-all economy

Although Americans live in an age of astonishing inequality, our principal concern is not economic inequality per se. We are tolerant of economic inequality in principle. Indeed, following Smith we believe that in well-ordered market societies these inequalities provide encouragement for innovation and the cultivation of market-specific virtues such as industry, honesty, and prudence – virtues which, except in rare cases, will be amply rewarded. In broken or corrupt market societies, by contrast, those at the top are able to isolate themselves from economic downswings or profit from upswings in ways that are disproportionate to the working population as a whole. Moreover, even though Americans recognize the role of personal networks and family wealth and education to individual success, and frequently believe that society would be more just if it were more meritocratic, they remain tolerant of economic inequality when a rising tide is more or less equally lifting all boats. What matters most is equitable growth and an economy that offers workers a realistic promise that through hard work they can achieve a middle-class life for themselves and their families. Chapter 1 considers trends in contemporary political economy that continue to take us away from what matters most. While economists, economic historians, political scientists, politicians, and so on continue to debate the relative importance of one trend over another, taken together the product of these trends is undeniable: the transformation of our society from a Smithian well-ordered society of rapid, equitable growth to one in which a small minority of the population procures most of the gains from growth. Covid-19 threatens to exacerbate these trends, further concentrating economic rewards and power while making it harder for working families to secure a middle-class life. In short, American society stands in sharp contrast, not only with our ideas about what makes a market society well ordered, but also American society of not-too-distant memory.

In the remainder of the book, then, I articulate and defend just work as a normative model for a post-Covid-19 economy. Chapter 2 examines competing conceptions of personal responsibility. The idea of personal responsibility has long been central to American public philosophy. It is also the subject of a giant body of literature in moral and political theory. Much of this work, unfortunately, remains divorced from relevant contextual considerations. As a component of American public philosophy, an account of personal responsibility must not deny individual agency, treating individual talents and ambitions as arbitrary from the perspective

of justice. Prominent libertarian accounts of justice, such as those offered by F.A. Hayek, David Schmidtz, and Robert Nozick, satisfy this condition. Indeed, the concern for individual agency motivates many libertarian critiques of a philosophy and politics of responsibility exoneration. Nonetheless, these accounts remain distribution and opportunity insensitive in ways that, when put into policy in the American status quo, threaten to exacerbate the negative externalities of movement from SWO to WTA.

It is difficult if not impossible in practice to disentangle policies that encourage taking responsibility from those that treat individuals as though their success or failure reflects their responsible choices, deserves praise or blame, and so on. When combined with American tendency to link success or failure in markets with individual virtue, the politics and policy of opportunity and distributive indifference threatens the status, esteem, and social bases of self-respect of the for many working families. Next, in SWO hard work brought with it the widespread promise of a better life. Indeed, absolute mobility for Americans born in the 1940s was around 90%. Now, only half of the population can expect to do better than their parents. While many citizens in urban productivity hubs flourish,¹ poor and working-class families across the country confront generations of decline, regardless of their efforts. With a justifiable lack of hope for themselves and their children in the future, deaths from suicide and drug use are rapidly on the rise, particularly in communities hit hardest by trends toward WTA. The pandemic threatens to turn this decline into economic and psychological depression. To address this issue, we need a public philosophy that justifies efforts to counter these trends, rather than treating them as though they reflect responsible choices or as irrelevant from the perspective of justice.

Finally, it should not surprise us that in WTA societies an ethic of money-making or money-taking will gradually replace an ethic of personal responsibility. As Smith puts the point, like every other human quality, industry improves when it receives greater encouragement. In a political economy where wealth capture receives greater encouragement than honest labor, our sentiments will likely shift accordingly. Those who insist on an ethic of personal responsibility, while ignoring the structural conditions that make such an ethic meaningful, miss this central point. My argument is not that we should simply take for granted, much less defend, a putative public philosophy of personal responsibility that ties social welfare benefits to public perception of the culpability of beneficiaries. Instead, I conclude that if Americans value personal responsibility, or simply want to stem the rapid rise of hopelessness and deaths of despair, they cannot be opportunity and distribution insensitive, even if policies that enable a broader sharing of the fruits of economic growth at times come into conflict with compelling (in the abstract) notions of freedom or justice.

In Chapter 3, then, I consider a principle of justice even more central to American public philosophy than individual accountability: the American Dream. This principle, I contend, is actually two principles, each of which identifies an important aspect of our understanding of equality and opportunity. According to the

principle of fair race, a society is just to the extent that inequalities reflect talent and effort, rather than “the fortuitous circumstances of birth and position” (Adams 1931, p. 404). Rather than a level playing field, just work entails that all citizens possess the basic opportunity to turn such work into at least a middle-class quality of life. In order for opportunity to be equal in the normatively relevant sense, there has to be a set of mutually achievable outcomes where those who possess the relevant virtues will *at least* cross a minimum (context-relative) threshold of achievement. It is unjust for some citizens to possess this opportunity while others do not. For poorer and middle-income Americans, then, the promise of America is the ability to exchange hard work for a better life for themselves and their families.

Both fair race and just work remain central to our pluralist public philosophy of markets. In the context of SWO it is natural for political actors and political philosophers to focus on fair race, advocating policies that further justice according to principle, such as those that prohibit discrimination and equalize educational opportunities (without leveling them down). Since growth is substantial and the fruits of that growth are shared at all points on the income and wealth spectra, most people can achieve a better future for themselves and their children. The principal concern for equality and opportunity, then, is that everyone has a fair chance to achieve positions of relative privilege and esteem. As societies move further from SWO to WTA, however, the concerns reflected in just work become more and more pressing, while the idea of a fair race increasingly fails to capture what most matters to citizens. In periods of economic depression, this failure becomes even clearer. The fundamental problem with WTA, once again, is not that inequalities fail to reflect merit, where people of similar talents and similar ambitions can expect similar results. Instead, the problem is that even if citizens are willing to work hard, a small percentage of the population – those with family wealth and connections, marginally superior skill or the opportunity to develop elite skills, or simply better luck – captures most of the gains of economic growth. Moreover, the focus on educational opportunity, central to the policy and politics of fair race, will do little to further just work in a context where great economic inequalities reflect narrow, relative differences between workers, rather than significant absolute differences in human capital. On the whole, simply making formerly unskilled workers more skilled won’t solve the problem. Most of us, regardless of how prudent or industrious we are, will be left behind.

When we take seriously the politics of WTA, rather than bracketing politics to focus on abstract or decontextualized normative or economic analysis, it becomes clear that even those who believe that the fairness of competition is all that matters for justice – rather than the distribution of the “outcomes” of that competition – need to address trends toward WTA. By significantly raising the stakes of winning or losing the race, the economics of WTA militate against the institutional foundations of fair race, including widespread, equal access to educational resources. For example, we should expect parents, when faced with WTA, to go to great lengths to hoard opportunities for their children, to make sure that they enjoy every advantage that the rigged game has to offer. Rather than focusing on parental efforts to

undermine fair race, a more productive policy approach is to mitigate the costs of losing the race. In a just work society it is easier for individuals committed to fair race to actually embrace policies that reflect that commitment. Once again, the economy of SWO makes it much easier to be our best selves, as a better life for our children does not depend upon rigging the game in their favor.

In Chapter 4, I argue that a renewed commitment to just work is also necessary to combat persistent economic inequality between white and black Americans. In the past three generations, black Americans have made substantial gains in both social and legal recognition and educational opportunity. They have also moved up the ladder in terms of economic rank. Unfortunately, the economics of WTA swamp the economic impact of these gains. The result is a world that enables a relatively small minority of black Americans to rise to unprecedented wealth and prominence, while on the whole reproducing historical injustices by placing far greater emphasis on wealth, education, and personal networks. To paraphrase Martin Luther King, while American society opens all doors for some and some doors for all, most black Americans continue to lag well behind their fellow Americans. Such a persistent lag, when combined with the exceptional success stories of many black Americans, threatens to undermine gains in recognition by reinforcing the belief that income and wealth inequalities reflect a relative lack of effort, ambition, or responsibility. The focus on fair race, in turn, exacerbates this tendency, while encouraging the idea that racial justice is a “zero-sum” game where gains to African Americans come at the expense of working-class white Americans whose lives and communities are also being hit hard by trends toward WTA. Following King, I conclude that we need public philosophy that recognizes the impact of trends toward WTA on the majority of the African American population, while justifying social and economic policies that combat or mitigate the impact of these trends for all Americans.

Chapter 5 follows a similar path, considering the ways in which trends toward WTA exacerbate the impact of our remaining gendered division of labor, making it harder to complete what economist Claudia Goldin calls the “last chapter” toward gender equality. A substantial portion of the gender wage gap in the contemporary United States is the product of winner-take-all markets. Gender differences in pay are greatest at the top of the income ladder, in the very occupations (such as finance and management) whose compensation has exploded in the past four decades, relative to the marginal to nonexistent real gains of other workers. In occupations where pay is linear, reflecting differences in human capital and hours worked, the within-occupation hourly wage gap between men and women largely disappears. That said, just work feminism is less concerned with the demographic composition of top earners than improving the health, wealth, and security of the millions of women who comprise the majority of low-wage workers in the United States. While women make up just under half of the workforce, they represent 63% of minimum-wage workers. Covid-19 has hit such workers particularly hard. Perhaps no group feels the effects of stagnant wages and economic insecurity more acutely than black working mothers who, despite the fact that they face no “motherhood

penalty” in terms of wages and hours worked, are more likely than other groups to be in the bottom half of the income ladder, even as they are also more likely than white women to be a family’s sole or primary earner. All of these chapters lead to one basic conclusion: in order to meet the moral challenges of an increasingly winner-take-all economy, Americans need a public philosophy that prioritizes just work. In the remainder of the book, I consider the implications of this focus on the practice of justice in a post-Covid-19 economy.

II. An economics of inclusive prosperity

The first and most basic lesson is to move the distributive implications of reform (or drift) to the forefront of economic and policy analysis. Questions of distribution were long central to economics, including great thinkers such as Adam Smith, Marquis de Condorcet, Thomas Malthus, David Ricardo, Jeremy Bentham, John Stuart Mill, and others whose work helped to establish the discipline itself. For these thinkers, the extent that a given reform makes an economy function more efficiently depends in crucial ways on the distribution of the gains from that reform. Moreover, while redistributive taxation takes center stage in both popular and philosophical discussions of social justice, most of what governments do that affects the distribution of fruits of economic growth – including (1) building (or not) physical infrastructure, (2) the availability of education and human capital development, (3) defining the scope and duration of property rights, including granting monopolies for intellectual property, (4) laws governing contracts, including asset priority in the case of default or bankruptcy, (5) chartering corporations and determining individual liability for those corporations, (6) rules governing professional certification, (7) commercial, residential, and industrial zoning, (8) laws that govern hiring and firing and enable (or disable) collective bargaining, (9) monetary policy, (10) spending on research and development – does not take the form of explicit ex post redistributive taxes and transfers. An economics of inclusive prosperity focuses our attention on the distributive impact of these policy and regulatory choices.

At times, however, economists divorce questions of efficiency and distribution, with some treating distributive inequalities as essentially irrelevant to the science of economics. In his landmark work on economic methodology, Nobel Prize-winning economist John Hicks argues that distributive impact of welfare-enhancing policies, including whether or not they make society more or less just according to standards like just work, is beyond the proper scope of economics. Welfare enhancement, here, is understood in terms of Pareto-efficiency. Recall that a state of affairs is Pareto-optimal when it is not possible to make another person better off without making another person worse off. While few if any reforms are literal Pareto improvements, they may represent potential Pareto improvements.

The simplest way to think of a potential Pareto improvement is in terms of the possibility of “compensation.” If X is a potential Pareto improvement over Y, then it is possible for the winners in a change from Y to X to compensate the losers. Policies moving from Y to X create a bigger pie. Since some are worst off in X,

however, it does not represent an actual Pareto improvement. The reform becomes an actual Pareto improvement when the winners compensate the losers through government redistribution. In this way, it is at least plausible (though still questionable) to believe that subsequent inequalities are not grounds for complaint – as everyone is better off than they would have been in a counterfactual world where the reform, and subsequent redistribution, have not taken place.² With respect to such compensation, Hicks writes:

Whether or not compensation should be given in any particular case is a question of distribution, upon which there cannot be any generally accepted principle. . . . If measures for efficiency are to be given a fair chance, it is extremely desirable that they should be freed from distributive complications.
(Hicks 1939, p. 711–712)³

By contrast, my analysis suggests that (more) economists should move distributive concerns front and center, making a version of just work a principle of economic efficiency in public policy debates. Fortunately, many economists are moving in this direction. Consider the impact of technological change. Historically, technological innovation is a central driver of economic growth, including widespread gains in our standard of living. Though innovation displaces many workers by making their labor obsolete, in SWO workers are able with relative ease to move on to other jobs with comparable wages and benefits. Since demand for unskilled labor is high, employers bid their wages up, enabling everyone to share in gains from productivity. As economist Anton Korinek notes, however,

[i]t is not a natural law that technological progress will lead to higher wages and improved livelihoods. The fact that the real wages of regular workers have declined over the past four decades, strongly suggests that the overall effect of technological *change* over that period (one hesitates to call it technological progress) has been to reduce the market wages of regular workers. As technology advanced in recent decades, the economy simply seemed to have less need for unskilled labor.

(Korinek 2019)

Indeed, for reasons we consider in Chapter 1, technological change has been a primary source of movement from SWO to WTA. What we see is not only a decline in labor share of national income but also dramatic distributional changes within what is traditionally considered the labor share – the result of labor market polarization and winner-take-all markets.

As of this writing, the long-term economic impact of Covid-19 remains uncertain. More accurately, it depends on the relevance of our public philosophy and the effectiveness of public policy. What we do know is that, like other sources of WTA, the Covid-19 pandemic will likely hit poorer, less educated workers the hardest, while concentrating resources and power among a handful of winners in

the economy. In the recovery from the Great Recession, the wages of ordinary workers largely failed to return to their precrisis levels. The ongoing threat of infection, moreover, provides further economic incentive to develop and implement labor-replacing technologies throughout the economy. As a result, the positive link between technological innovation and just work is increasingly tenuous (at best). The point is not to stop all innovation, or to insist on the continued employment of obsolete labor rather than implementing such innovation. Instead, my claim is that in addition to any gains to Pareto efficiency, we must consider the distributional impact of technological innovation (Korinek and Stiglitz 2019, Brynjolfsson and McAfee 2014, Tyson and Spence 2017, Korinek and Ng 2018). Theoretically, the economics of inclusive prosperity could be neutral (as it were) with respect to different forms of innovation, relying on our ability to tax the winners from technological change and use the resources to compensate the losers. By this reasoning, if we turn a potential Pareto improvement into an actual Pareto improvement, who is in a position to complain? Consider a couple of examples from Korinek and Stiglitz. First, if technological change increases the value of land in some areas, a logical form of redistribution would be to tax away some of those gains. Alternatively, if a new AI system replaces human radiologists, the ideal response is not to eschew the gains in productivity and diagnostic accuracy – to insist on using radiologists – but instead to compensate them for their losses. Since these gains or losses, as Korinek notes, “are not based on their own efforts but more on luck,” there doesn’t appear to be any injustice in redistributing from the winners to the losers (just the opposite).

Of course, what is simple in theory can often be quite difficult to achieve politically. To be sure, the winners and losers in technological innovation, like those affected by market reforms in general (including trade policy, financial market reform, and so on) typically do not deserve the good or bad fortune of profiting or losing as a result of these structural changes. Workers who are willing to labor just as diligently as before can now expect very different compensation for that labor. Nonetheless, those who do profit from structural change tend to feel entitled to their privileged position, even using their gains to undermine collective attempts to turn potential Pareto improvements into actual Pareto improvements. Taking a political economy approach, as I argue in the previous chapter, forces us to recognize the way that attempts to bring us closer to an ideally just or efficient society also alter the background conditions for public policy. In particular, we need to consider whether reforms alter the political and economic balance of power in ways that thwart attempts to make society, going forward, more just, efficient, or free (Acemoglu and Robinson 2019, Preiss 2018), preventing us from turning potential Pareto improvements into actual Pareto improvements, and enabling rent-seeking by those who most profit from reform.

For this reason, it is important to recognize that some forms of technological innovation will be more conducive to just work than others. Since much innovation is the product of government investment, and government policy enables or disables much of the ability to collect profit or rents on innovation, one approach

is to use taxes and subsidies to encourage innovation, and the appropriation of that innovation, that is more conducive to just work (Korinek 2019, Fleurbaey *et al.* 2018). As Atkinson writes:

It is not enough to say that rising inequality is due to technological forces outside our control. The government can influence the path taken. What is more, this influence is exercised by departments of the government that are not typically associated with social justice.

(Atkinson 2015, p. 119)

A government that seeks to further just work, to adapt Atkinson, needs to involve the whole cabinet of ministers. For reasons we discussed in Chapter 1, network and first mover effects, when combined with existing intellectual property protections, generate massive market inefficiencies in a standard economic sense. Unlike traditional manufactured goods, information technologies are typically nonrival and excludable. Literally billions of people can use the same software or platform without using it up. Such programs, in turn, can be re-created at negligible cost. As such, they function like natural monopolies, enabling creators of these technologies and a small collection of high-human-capital employees to collect giant rents on the use of these technologies (Brynjolfsson and McAfee 2014, Tyson and Spence 2017, Korinek and Ng 2018, Korinek 2019, Agrawal *et al.* 2019, Acemoglu and Restrepo 2017, 2019a, 2019b, Fleurbaey *et al.* 2018).

With these insights in mind, notice that the principle of a just work differs from the implicit or explicit normative frameworks of many of the economists cited previously. First, the fundamental concern of just work is not to compensate losers for changes in the status quo, making technological innovation a “win-win.” While it is true that the distributional changes brought about by technological change rarely reflect the responsible choices of those affected, as a normative principle just work is not concerned with countering the impact of good or bad luck, including the impact of technological change on a person’s income. It is a relational, rather than a meritocratic or luck egalitarian, principle of justice. As such, just work does not depend on turning potential Pareto improvements into actual Pareto improvements. Nor is it specifically concerned with maintaining the existing employment or compensation of high-paid professionals (such as radiologists). One virtue of this fact is that it does not depend, from a policy perspective, on our ability to be explicit about who the winners and losers are from any particular form of technological change, so as to compensate the losers of that change by taxing the beneficiaries (Korinek 2019, Korinek and Stiglitz 2019). Instead, the goal is to bring about a more equitable sharing of the fruits of economic growth, such that people who are willing to work are generally able to achieve at least a middle-class quality of life.⁴

Unfortunately, these industries also appear to be inefficient at furthering just work. The production of information technologies requires far fewer employees than traditional manufacturing, including little need for unskilled labor. For this

reason, an economy increasingly driven by innovations in information technology, automation, and artificial intelligence erodes the bargaining power of the average worker, expanding the prevalence and scope of winner-take-all markets (Korinek and Ng 2018, Acemoglu and Restrepo 2017, 2019a, 2019b). Acemoglu and Restrepo identify a number of potential sources for why automation increasingly fails to yield large gains in productivity and good jobs for workers. They write:

The US tax code aggressively subsidizes the use of equipment (for example, via various tax credits and accelerated amortization) and taxes the employment of labor (for example, via payroll taxes). A tendency towards further (and potentially excessive) automation may have been reinforced by the growing focus on automation and use of artificial intelligence for removing the human element from most of the production process. The focus has been recently been boosted both by the central role that large tech companies have come to play in innovation with their business model based on automation and small workforces. . . . Finally, the declining government support for innovation may also have contributed to discouraging research with longer horizons, which likely further disadvantaged the creation of new tasks (which bear fruit more slowly) relative to automation.

(Acemoglu and Restrepo 2019b, p. 25–26)

A focus on just work entreats us to look for alternatives. From a public policy perspective, this may entail weakened protections for monopoly in information technologies, countering the ability of creators to collect rents on popular innovations. It may also entail limiting the enclosure of human knowledge by those who claim to own exclusive rights to pharmaceutical goods and – in what might have seemed like dystopian science fiction half a century ago – even biological processes (Pistor 2019).⁵ In addition to undermining just work, such intellectual monopolies close off many forms of investment (Pagano 2014). After all, the subsequent power-law distribution of WTA, whereby a relatively small number of winners capture most of the productivity gains, does not reflect the “natural” functioning of markets. Instead, it is enabled (even driven) by the legal and political structures of American political economy, including existing understandings of intellectual property rights.

The trick here would be to enable creators to recoup the costs of development, to experience as much of the gains as possible from innovation without exacerbating the winner-take-all effects of technological change. One way to do so is for governments to flex their great financial muscles to invest in the development of information technologies that are generally available free of charge.⁶ Korinek writes:

The most efficient solution in the face of these problems would be to publicly fund the creation of information goods and then – since they are almost free to copy – distribute them at a very low price (technically, at marginal cost) to anybody who is interested in using them. . . . The role of government

in financing information goods and making them freely available to society should be expanded as much as possible.

(Korinek 2019)

In short, instead of subsidizing highly regressive technological redistributions through tax breaks, direct investment, and legal regulation, on the misguided assumption that the economic fruits of that innovation will be widely shared in the end (through progressive taxation if necessary), we need to be more intentional about favoring worker-friendly innovation and regulation. In the process, we need to explore every avenue for countering the tendency of automation, digitization, and artificial intelligence to create a winner-take-all economy that is inefficient according to both traditional economic measures and the principle of just work.

III. Legislation in favor of the worker

“When regulation is in favor of the workman,” Adam Smith declares, “it is always just and equitable” (Smith 1999, p. 246). As we discussed in Chapter 1, this declaration from history’s most famous proponent of free markets reflects a basic feature of political economy: even in competitive, high-growth economies, wealthy landlords and merchants benefit from a number of advantages that may allow them to collect massive rents on the efforts of the rest of the population, frustrating just work in the process. To be sure, under conditions of perfect competition, inequalities in bargaining power between workers and employers are a nonissue. Indeed, in this idealized picture of markets, the collective organization of workers and owners appears unnecessary, even counterproductive.⁷ In the inevitably second-best real world, by contrast, such organization may be necessary to secure just work. More than two centuries after Smith, we are confronted with trends that take us further and further from our Smithian vision of a well-ordered market society. This insight implores us to consider structural changes that help ordinary workers counter these advantages.

Thoughtful economists and social scientists suggest a number of avenues of reform, lowering the costs (and raising the returns) of collective action (Naidu 2019, Osterman and Shulman 2011). For starters, we can further just work by refraining from using the state to prevent efforts to collectively organize (Lichtenstein 2003, Pope 2004, Rosenfeld 2014). The usual suspects of technological change, globalization, and so on explain much of the decline in private union membership, driving rising inequality within most societies (Milanovic 2014, 2016, 2019).⁸ Nonetheless, substantial differences exist between countries, suggesting that social and political factors also play a role. For example, private union density in Canada, where workers face similar macroeconomic trends, is double that of the United States (Eidlin 2018). This difference matters when we recognize that variance in union density among OECD countries is strongly correlated with inequality (including gender inequality). Simply put, countries with stronger organized labor (that is, where more workers, including nonmembers, are governed by collectively bargained contracts) are able to better resist trends toward WTA (Jaumotte and

Buitron 2015). While so-called right-to-work laws (at times justified by reference to worst-off workers) do nothing to combat the power of collectively organized owners, they make worker organization far more challenging. As such, they may hinder rather than further just work.

Another way to increase the relative power of ordinary workers is to enable sectoral bargaining, which is the norm in many other countries (including the majority of European countries) to replace our current “enterprise-level” framework for collective bargaining. While there are a number of different models available, the central goal is to enable more widespread union membership by leveling the playing field between union and nonunion workplaces. In the American status quo, employers possess powerful built-in incentives to discourage union membership in the face of competition with nonunion firms. With sector-wide bargaining, by contrast, American employers would all operate according to the same pay and benefit rules regardless of how many of their employees were union members. In addition, we could expand the right to organize to a wider range of workers and industries, including farmworkers, domestic workers, and those workers (such as Uber drivers) who are currently classified as “independent contractors.” Doing so would help mitigate (or at least recognize) the racist origins of many of these exclusions (Perea 2011). The goal is for collectively bargained wages and benefits to become the norm rather than the exception. In the process, widespread union membership provides an institutional infrastructure for political mobilization and the rapid dissemination of information on legislative initiatives that promote or threaten just work (Hacker and Pierson 2010, Rosenfeld 2014).

In addition, Americans could embrace a version of economic co-determination that is the law of the land in many of the most productive, wealthy, and competitive nations in the world: Germany, the Netherlands, Denmark, and Norway. Unlike the United States, all of these nations run significant trade surpluses, despite providing some of the highest-wage and highest-security jobs in the world for middle-income workers. With co-determination, elected workers serve on boards of directors and play a substantial role in large and midsize corporations. In larger German corporations, fully half of the board of directors are worker representatives. Perhaps for this reason, these companies see far less divergence in the compensation of top-level managers and workers,⁹ while placing greater emphasis on long-term employment, investment in skill development, and worker autonomy. Even as investors show some reluctance to invest in these less authoritarian firms, existing empirical evidence suggests that, perhaps in part because they encourage social trust and enable workers to take greater ownership over their labor, they do not suffer from productive inefficiency (Boxall and Macky 2014, Boxall and Winterton 2018, Lopes *et al.* 2017, Malleon 2014). Such co-determination falls short of Lincoln’s republican ideal of a free nation of individual owner-proprietors. Nonetheless, by mitigating economic and political domination in an economy where stock ownership is so highly concentrated, a legal mandate for greater worker representation in economic life may be an important component in our efforts to promote and sustain just work.

When considering worker-friendly reforms, it is important to recognize that while workers are also consumers, consumer-friendly legislation will not always be worker-friendly legislation. A growing number of critics from a wide range of political perspectives lament the fact that for decades, political leaders in the US have proceeded from the implicit assumption that the fundamental end of economic policy is the well-being of citizens as consumers. Oren Cass writes:

The problem is not that public policy has failed but that it has succeeded at the wrong things. . . . We got exactly what we wanted: strong overall economic growth and large GDP, rising material living standards, a generous safety net, rapid improvements in environmental quality, extraordinarily affordable flat-screen televisions and landscaping services. Yet we gave up something we took for granted: a labor market in which the nation's diverse array of families and communities could support themselves. This was, I will argue, the wrong trade-off, based on incorrect judgments and policies' true costs and benefits and a poor understanding of what we were undermining. What we have been left with is a society teetering atop eroded foundations, lacking structural integrity, and heading toward collapse.

(Cass 2018, p. 4)

Dani Rodrik and Charles Sabel highlight the subtext of Cass' analysis: what we are left with is a recipe for authoritarian populism (Rodrik 2017, 2018, 2020, Rodrik and Sabel 2019). The gains from the past four decades include a booming stock market and cheap consumer goods. The costs include many of the ills of WTA, including rising inequality, economic insecurity, productive polarization between communities, and a lack of political accountability that, inevitably, leads to a loss of trust in elected officials.

This problem is a collective problem. Individuals as consumers will typically select the best product at the best price. Workers will take the best (or least bad) jobs available. For reasons we discuss throughout the book, these revealed preferences obscure the broader consensus: Americans would prefer a different set of priorities. We want and need policies that prioritize just work. Unfortunately, as Dani Rodrik and Charles Sabel argue, many of our models and much of our policy conversation focuses on solutions that elide the true sources of the problem. Instead of a growth-plus-redistribution approach, they argue, we should explore ways to intervene in the productive sphere directly to expand productive employment opportunities. Such interventions include "place-based" employment subsidies and infrastructure investment (Miller-Adams *et al.* 2019) and the adoption of voluntary, employment-driven public-private partnerships (Rodrik and Sable 2019).¹⁰ While the effectiveness of these interventions will depend upon the details of the relevant context – and therefore resist one-size-fits-all regulatory mechanisms – this book provides a normative case for just such a focus. This case reflects the belief that, unless we take the insights of Smith's political economy seriously, our market society is unlikely to function as Americans (like Smith) think that it should.

If just work is our priority, a logical policy focus is to improve America's infrastructure. That our physical infrastructure is poor and outdated is widely recognized, with the American Society of Civil Engineers recommending \$4.5 trillion in funding to support our eroding roads, bridges, dams, pipes, energy grid, public transportation, and waste disposal facilities by 2025 (Thompson and Matousek 2019). Such support furthers just work in a number of direct and indirect ways. Unlike tax cuts or other forms of economic stimulus, funding for infrastructure offers far greater bang for our buck, since it is far more likely to be spent on employment-generating economic activity in the United States. Such spending could play a key role in getting the US out of the economic depression initiated by Covid-19. The goal of such spending, however, should not be short-term stimulus, but a steady, long-term commitment to restoring, modernizing, and maintaining America's formerly world-class infrastructure. Such a commitment furthers just work directly by providing a stable, consistent source of employment, and indirectly, through gains in economic growth, productivity, and stability (Bivens 2017, Heintz 2010, Ward and de Haan 2007).

In addition, infrastructure jobs typically have low barriers of entry in terms of formal education. As a result, they most benefit workers hit hardest by WTA, providing higher-pay employment to workers without a college degree (Kane and Puentes 2014). They also mitigate the current bottleneck of higher education, providing middle-class employment to millions of workers who might otherwise be left behind in the economics of WTA. Still another factor in favor of better infrastructure, including support for public transportation, is that it makes a wider range of employment opportunities (not to mention quality food and other goods and services) available to workers. For many individual workers, business owners, and their families, access to quality, affordable public transportation is the difference between poverty and productive employment and enterprise (Kanter 2015). In addition to being a principal cause of gigantic declines in mortality and morbidity in the past two centuries (Deaton 2013), investment in public health infrastructure and data collection also offers significant return on investment. Unlike tax cuts in WTA, the benefits from such investment tend to be felt throughout the population, with poorer and more vulnerable populations often benefiting most (Masters *et al.* 2017). Unfortunately, it may have taken a global pandemic for most Americans to see the great cost of a lack of investment in public health. While the benefits of infrastructure investment – including drinkable water, consistent power, pandemic preparedness, parks for children to play in, safe schools, roads, and bridges – extend well beyond equitable growth, available evidence suggests that the benefit for just work can be enormous.

A widely accepted principle of American public philosophy is that those unable to work due to old age or physical disability should not be destitute as a result. Nonetheless, we generally expect those who are able to work to do so, and show great antipathy for those who are perceived to take a “free ride” on the efforts of others (Farkas and Robinson 1996, Gilens 1999, McCall 2013, Page and Jacobs 2009). In part for this reason, Americans show significantly less support

for unconditional basic income proposals than citizens in other wealthy countries, including Canada and the United Kingdom (Reinhart 2019). Recognizing that jobs can bring with them a number of virtues that don't reduce to income (Gheaus and Herzog 2016), a jobs guarantee might be a better policy fit for Americans dealing with unemployment as a result of technological change, including the impact of AI and automation. Until the Covid-19 global pandemic, the American economy was experiencing a record ten years of steady economic expansion since the Great Financial Crisis (essentially the whole of the Obama presidency and the first two-plus years of the Trump presidency that followed) with a consistent decline in unemployment. Rosy official unemployment statistics, however, were buoyed by a mass exodus of workers from the labor market after the Great Recession (Kruuger 2016, Dantas and Wray 2017). The comparatively low rate belied the rise of chronic, long-term unemployment, particularly in areas hardest hit by WTA trends (Tcherneva 2019, Case and Deaton 2020). Moreover, significant evidence suggests that employers see unemployment itself as a negative mark on an individual's candidacy, even after periods of prolonged recession or depression (Rampell 2011, Eriksson and Rooth 2014, Abraham *et al.* 2016). The deleterious effects of long-term unemployment on physical and mental health and social participation are well established (Case and Deaton 2015, 2017a, 2017b, 2020, Nordt *et al.* 2015, Couch *et al.* 2013, Paul and Moser 2009).

The Covid-19 pandemic made unemployment an issue throughout the US, even for workers who have rarely been without a steady income. In the process, it greatly expands the potential benefits from a federal jobs guarantee as a means for getting out of an economic depression and preventing short-term unemployment from turning into chronic unemployment for millions of American workers. Post-depression, a jobs guarantee could also empower ordinary workers to demand a larger share of the fruits of an expanding economy, bringing their bargaining power and social standing closer to what workers experience in SWO. Despite the decade-long prepandemic expansion, lower- and middle-income workers only very recently saw positive gains in wages (relative to inflation).¹¹ Time and time again, wage growth has fallen well short of expectations based on both analytical and historical modeling (Nunn and Shambaugh 2018). Despite an economy nearing full employment, most of the gains continued to go to those at the top. As both Meade and King perceived half a century ago, the primary impact of trends toward WTA in the United States has not been widespread unemployment. The problem, once again, is the impact of these changes on the economic and political power of ordinary workers, which led to a steady decline in their share of the fruits of economic growth.

Perhaps the most straightforward way to make work pay better is to use government subsidies to raise worker wages. Cass suggests that instead of trying to support workers indirectly, often through tax breaks to corporations and wealthy individuals to coax hiring and investment, we should instead subsidize the worker directly. A central virtue of a wage subsidy, as opposed to a minimum wage, is that it encourages the employment of low-productivity workers. Let's say, for

example, that a firm would be willing to hire a worker at \$9 an hour, but over that rate it would instead choose to outsource or automate (or simply not exist or grow at all). Cass proposes that the federal government make up half of the distance between the target wage in what a firm is willing to pay. If the target wage is \$15 an hour, then the firm would pay \$9 and the worker would take home \$12 (plus the \$3 subsidy). If, by contrast, we set a minimum wage at \$15 an hour, then the worker would have to look elsewhere for work, and the worker and the firm would be worse off. In many cases, so too would the government budget, as the cost of supporting an unemployed worker and their children, even at the meager equivalent of \$6, would cost twice as much as the wage subsidy.¹² In addition, since such subsidies – which essentially function like payroll taxes in reverse – insert money directly into worker paychecks, they are easy to implement, and introduce “the fewest opportunities for inefficiency and distortion” (Cass 2018, p. 168).

Through the normative lens of just work, there is a lot to like about Cass’ proposal. First, for reasons Cass himself notes, if funded through progressive income or wealth taxes, a wage subsidy broadly functions to redistribute some of the gains from the winners of trends toward WTA to those who have missed out on those. The goal of just work is not to turn potential Pareto improvements into actual Pareto improvements. Nonetheless, a wage subsidy promises to raise the demand for, and wages of, workers who currently find it most difficult to turn their efforts into a middle-class life for themselves and their families. In the process, it helps to sustain communities hardest hit by trends toward WTA, where deaths of despair are most on the rise. For this reason, a wage subsidy – or, alternatively, a substantial increase in the Earned Income Tax Credit (EITC) – may be an important policy priority for those committed to just work.¹³

In part to make his proposal revenue neutral, Cass proposes that a wage subsidy supplant a number of programs that are less likely to enable people to lead productive working lives. The relative effectiveness of subsidies for furthering just work, including any shifts in political power and accountability, would depend on which programs were being cut. I agree with Cass that government policy has for too long privileged the consumer over the worker. The goal of just work, however, is not to encourage people to work as much as possible. Instead, the goal is to make the gains of growth more equitable, so that people who are willing to work hard can exchange that work for a middle-class life for themselves and their families. A wage subsidy will not be very effective at furthering this principle if the cost of further employment is to subject workers to greater economic insecurity, where their access to health care and educational opportunities for their children depends upon their ability to command employment at a certain wage (even if the subsidy makes it more likely that they can get to that wage).

Democrats, Cass argues, would be loath to adopt wage subsidies or a great expansion of EITC, since these proposals appear to subsidize the bad guys – fat cat investors who profit by paying workers exploitative wages.¹⁴ As he notes, there is

some truth to this criticism: employers would likely pocket some of the gains of wage subsidies. Cass grants that if

government offers a \$3 subsidy atop a \$9-per-hour job, the result will not necessarily be a \$12-per-hour job. The employer might instead cut the market wage to \$8, to which government would add \$3.50 – half the \$7 gap to the target wage of \$15 – leaving the worker with \$11.50. Both worker and employer would be better off than without the subsidy, but the entire benefit is not the worker's.

(Cass 2018, p. 170–171)

It remains to be seen just what share of subsidies would go to workers, though some insight may be gained from analysis of the EITC and other forms of employment subsidies.¹⁵ With that caveat noted, I suggest that nominally proworker Republicans put nominally proworker Democrats to the test on this issue: propose a revenue-neutral bill that trades much of the latest round of tax cuts in exchange for sizable worker subsidies, and see how they respond. Such a state of affairs would likely be inferior to a given idealized picture of a free market society, introducing what from the perspective of a perfectly competitive market society is a distortion. In fact, WTA markets with a substantial subsidy for working-class Americans may be no one's ideal. Nonetheless, there is significant reason to believe that such a proposal will further just work in the American status quo.

A central method of furthering just work is to remove publicly mandated obstacles for businesses to hire workers and pay them well. One of the obstacles to just work in the American status quo, which Cass also discusses, is the means-tested nature of governmental support for health care, higher education, and other goods most Americans believe are central to a middle-class life. Simply put, since rising above a certain income disqualifies individuals and their families from support, the structure of such provisions often provides a disincentive to further gainful employment. In the case of health care, the basic structure of the American system reflects several generations of questionable public policy. Following World War II, President Truman and others in the United States considered the adoption of universal health insurance to replace the developing patchwork of employer-structured health insurance plans. While insurance would be available for all citizens, the delivery of health care services would be provided by existing for-profit and non-profit providers. This proposal faced stiff opposition from the American Medical Association and the US Chamber of Commerce, which were quick to capitalize upon Cold War antipathy to the Soviet Union (Quadagno 2004). Business leaders contended that government intervention (beyond substantial tax breaks, of course) was unnecessary. Employers were better suited to meet this basic need. Indeed, the political economy of SWO made it far easier for them to do so. Large American firms benefited from rapid productivity growth and comparatively little competition from foreign firms. Organized labor, in turn, was increasingly able to win health care benefits from employers as part of their growing compensation package,

making government-provided health insurance seem less urgent to working Americans.¹⁶ Trends toward WTA, by contrast, wherein firms that historically employed middle-class, lower-skilled labor face greater competition, and the typical worker receives a much smaller share of the fruits of economic growth, make the mid-century bargain increasingly untenable, with rising costs and collapsing coverage becoming the norm (Blumenthal 2017, Tozzi and Tracer 2018, Reinhardt 2019, Anderson *et al.* 2019).

In retrospect it probably never made much sense to tie health insurance to employment. In addition to being heavily regressive,¹⁷ the tax breaks that employer-sponsored plans rely on encourage more spending on health care than is ideal, accounting for a part of the subsequent decline in wages. Employer-provided insurance locks people into jobs, as pursuing opportunities elsewhere risks coverage (particularly for those with pre-existing conditions). Simply mandating that pre-existing conditions be covered, without a corresponding mandate that everyone be insured, only increases these inefficiencies. It is far easier for large employers to provide health insurance, leading to a competitive imbalance in the market. As Covid-19 illustrates, the high cost, low capacity, and poor organization of our health care system also hinder attempts respond to public health emergencies such as a virus pandemic (Scott 2020). The list of drawbacks goes on and on. For these reasons, Americans get similar or worse results while spending far more than any other country on health care (Schneider *et al.* 2017, Reinhardt 2019).¹⁸ As of 2017, the total spending on health care – including employee contributions, government subsidies, and out-of-pocket expenses – for the average American family of four reached \$27,000 a year.

The middling results should not be surprising because, despite paying about twice as much on health care as citizens in Germany, Sweden, Denmark, France, Canada, Japan, Australia, and the United Kingdom, and over three times more than citizens of South Korea, we don't actually get more access to health care goods and services. We don't have greater access to doctors or more doctors per capita. We simply pay more. As health care economists Gerard Anderson, Uwe Reinhardt, Peter Hussey, and Varduhi Petrosyan put it, "It's the Prices, Stupid" (Anderson *et al.* 2003).¹⁹ Why do Americans pay twice as much for the same drugs and procedures as citizens in other OECD countries? The most central reason that we do so is that, relative to the health care systems of these countries, the American mix of private insurance markets, employer-provided insurance, and government provision is horrifically complex, opaque, and inefficient (Himmelstein 2014, Frakt 2018, Reinhardt 2019, Case and Deaton 2020). Before the Affordable Care Act (ACA), administrative overhead absorbed 25–30% of total health care spending, as armies of nonmedical staff such as hospital and insurance administrators fight over price points, coding, coverage, and so on. While ACA cut overhead somewhat, when we realize that in 2011 physician practices in Canada spent only a fourth of the \$82,975 per physician Americans spent on administration, in part because nurses and medical assistants in the US spend *ten times* longer interacting with various patient

health plans (Morra *et al.* 2011), it is clear that a more dramatic overhaul of the US health care bureaucracy is long overdue.²⁰

The negative impact of our health care system on just work has been astounding. As Case and Deaton write:

The vast sums that are being spent on healthcare are an unsustainable drag on the economy, pushing down wages, reducing the number of good jobs, and undermining financing for education, infrastructure, and the provision of public goods and services that are (or might be) provided by federal and state governments. Working-class life is certainly under threat from automation and globalization, but healthcare costs are both precipitating and accelerating the decline.

(Case and Deaton 2020, p. 187)

One response to the great inefficiencies of the current system is to get government out of the health insurance business altogether. If government benefits for unemployed or poorly paid workers provide a disincentive to their efforts to pursue further work, while government mandates (including payroll taxes for Medicare and Social Security) raise the costs of providing that work for employers, why not simply get rid of them? The answer, of course, is because any subsequent efficiency gains will be won on the backs of workers and their families who, because of greater demographic risk, age, pre-existing conditions, change of employment, or low wages, will lose their health care coverage altogether. Simply getting rid of the public provision of health care threatens to exacerbate the already pervasive stress from economic insecurity and instability. Recall from Chapter 3 that a central concern for Americans, more important than periodic gains to their consumer bundle or the opportunity to “strike it rich,” is the ability to translate hard work into a measure of economic security and stability for their families, including access to housing, health care, and educational opportunities for their children. The principle of just work does not reduce to “maximum employment.” While increased employment will further just work, all things being equal, in the case of policies that cut support for health care and education all things are not equal. The concern is that even with a wage subsidy, many workers may not command the sort of wage that enables them to provide these basic aspects of middle-class quality of life. In addition, trends toward WTA not only erode the typical worker’s share of the gains of economic growth, they also make that work less secure. Needless to say, a state of affairs in which tens of millions of Americans and their families lack health insurance, and countless others live with the prospect of losing their insurance due to changes in an increasingly volatile labor market, is not the preferred option for those concerned with just work.

Rather than trying to coax (or force) employers to provide health insurance through colossal tax breaks and voluminous legal regulation, a far better approach is to sever the link between health insurance and employment altogether, allowing government agencies to do one of the things that they are in a position to do well:

pool risk. Joseph Heath reminds us that, whatever we might say for or against any justice-based reasons for universal health insurance, the efficiency-based argument for such insurance is clear. Responding to proposals in Canada to establish health savings accounts as an alternative to universal health insurance, following similar proposals in the US, Heath writes that because

[h]ealth care spending is characterized by extreme variance . . . a system in which everyone makes an individual decision regarding how much to save will generate massive inefficiencies. This is precisely why we have insurance. While no individual has any idea whether or not she will need a coronary bypass or a liver transplant, thanks to the law of large numbers we know almost exactly what percentage of the population will require bypasses and transplants every year. We therefore know how much we, as a society, need to set aside for such procedures.

(Heath 2004)

For these reasons, the most efficient risk-pooling strategy will be the one with the largest pool. In terms of Pareto-efficiency, the case for universal health insurance (as opposed to a completely public national health system)²¹ is undeniable.²²

An additional virtue of this approach is that the trade-offs inherent in any health care system would be much clearer.²³ A perpetually frustrating feature of American public philosophy of health care is the tendency for both critics and defenders of the status quo to refer to the US system as a “free market.” As Case and Deaton note,

[T]he American medical system, including the pharmaceutical industry, is nothing like a free market. The existence of moneymaking corporations does not imply free markets. Instead, these highly regulated corporations are largely concerned with seeking protective regulations from government and government agencies to protect their profits and limit competition in a way that would be impossible in a free market.

(Case and Deaton 2020, p. 130)

For reasons that Arrow, Heath, Reinhardt and countless others highlight, Case and Deaton are not advocating a free market solution to our exiting failures. Instead, they make clear just how “outrageous” it is “when an industry that makes so much from *corrupting* free-market competition should be able to dismiss its critics as opponents of free markets” (Case and Deaton 2020, p. 130).

To these efficiency and transparency arguments, the principle of just work adds that universal health insurance would also (1) remove a central detriment to hiring workers and paying them well, particularly for small and medium-size businesses, while (2) eliminating a central source of economic insecurity in WTA. Wealthy countries like the United States can and should dedicate significant resources to health care in particular and public health in general. The American health care

system, however, is a bureaucratic conflagration that sucks resources from the rest of our economy, money that could instead be taken home as wages by ordinary workers (Auerbach and Kellerman 2011, Case and Deaton 2020). A central way to further just work in the American status quo is to overcome the special interests of insurers and pharmaceutical companies and the deliberately obfuscatory invocation of “socialism” and embrace the giant body of empirical data and economic modeling that point to any number of far more efficient ways of financing and administering health care (Reinhardt 2019, Case and Deaton 2020).

A just work society is also one where hard work, or the willingness to work hard, translates into educational opportunities for one’s children. As I argue in Chapter 3, a higher education approach to just work – in particular, sending more and more Americans to college – faces great limitations in the context of WTA. Even if we raise the absolute capabilities of much of the population we can expect relatively little progress. In a WTA society, absolutely talented relative losers will still be left out of much of the gains of growth. A much more urgent need is to make work in general, including positions that do not require a “traditional” university education, pay better. Depending on demand in the marketplace, one method of doing so in the United States may be to develop a parallel system of apprenticeship and skill development to complement (or replace a part of) our current prioritization of traditional higher education (Hamilton and Hamilton 1999).²⁴ Such reform pairs particularly well with this proposal to increase infrastructure spending, providing construction firms with the employees they need to meet rising demand. That said, we need not deny both that fair race matters and that part of our conception of just work is that the affordability of education will not be an obstacle to our children’s opportunities. Americans believe that there is something unjust, something decidedly un-American, about a society where family privilege matters more than effort, talent, and ambition. Furthermore, while student loan indebtedness threatens just work for an entire generation of Americans, we can hardly blame students themselves for taking on those debts in the context of WTA, where higher education serves as a giant bottleneck for achieving a middle-class life. We get only one chance at this life. For these reasons, the best approach combines accessibility of a traditional university education with policies that make such education less necessary to achieve what we care about most.

Another way of mitigating the negative impact on just work of an economy that increasingly privileges ownership over labor, as Meade himself suggested, is to help workers to be owners as well (Meade 1984, Atkinson 2015). One potential mechanism for making the fruits of ownership more widespread is to establish sovereign wealth funds that pay out annually to American citizens. While such funds have existed since the 1950s, the number has expanded greatly in the past two decades, in countries such as Norway, Singapore, France, and New Zealand. In the United States, both Alaska and Texas possess “permanent funds” financed through royalties on their mineral, oil, and natural gas resources. Instead of a one-time sell-off or “privatization” of our shared assets, these funds can be structured to provide investment or capital income for each citizen at a fixed point in their lives or a recurring

source of revenue for all citizens. The creation or capitalization of such funds does not depend upon the possession of natural resources. Instead, we could use a combination of one-off asset transfers or recurring funding through general taxation (Cummine 2016, Roberts and Lawrence 2018).

The moral logic of such funds in the context of WTA is straightforward. The Great Financial Crisis of 2008 underlined a basic feature of contemporary political economy in the US and the Eurozone: while the big winners of WTA utilize increasingly complex and speculative financial instruments to capture a larger and larger share of the fruits of economic growth, ordinary workers assume much of the downside risk of that speculation through recession, bailouts, and subsequent austerity. Since they assume much of the risk, it makes sense to explore policies that enable workers to enjoy a larger share of the reward as well. Another justification for such a fund, as Thomas Paine argues in his 1797 work *Agrarian Justice*, is to compensate an individual for “the loss of his or her natural inheritance” as a result of the past appropriation of public resources into private property. For such partial compensation, Paine suggests a one-time transfer of 15 pounds sterling – or roughly half the annual earnings of a farmworker at the time – to each citizen at the age of 25. Recalling Paine, Anne Alstott and Bruce Ackerman argue for a one-time grant of \$80,000 to each citizen as they reach adulthood, to be paid for by wealth and inheritance taxes (Alstott and Ackerman 1999). If security and income stability over time is a priority, however, such funds should instead be structured to generate annual payoffs to each citizen, or directed primarily to lower-income Americans, rather than taking the form of a one-time payment.

Movement from SWO to WTA steadily redistributes the share of gains of economic growth from the typical worker, whose wages have stagnated, to a relatively small number of capital owners and managers, whose wealth has exploded. As a result, the top .1% of Americans now own more wealth (understood in terms of net worth) than the bottom 80%, a dramatic reversal of the midcentury rise of a property-owning middle class. A sovereign wealth fund furthers just work by shifting the balance back (however slightly) toward workers. It does so without the attending inefficiencies of the nationalization of industries and socialist central planning. Under socialism the state bureaucracy assumes control of productive enterprises themselves – in the case of the Soviet Union, right down to how many shirts to make and what to sell them for. In the case of sovereign wealth funds, by contrast, fund managers could invest in whatever assets – stock, property, and so on – that meet our relative priorities of growth and risk. As Meade writes, the aim of such funds is

to acquire for the public the unencumbered rights to a share of profits in enterprise whose management could be left entirely in private hands . . . the receipt of income from state ownership would provide for the government a lasting net revenue which could contribute towards the costs of a social dividend.

(Meade 1984, p. 145)

Following our analysis in Section II, managers could also prioritize investments that are more likely to lead to more and better-paying employment, rather than further technological redistributions up the income and wealth ladder. The structure of sovereign wealth funds need not differ in any significant way from other private and public funds (such as pensions and university endowments) that currently drive production. As such, citizen workers would get a share of the benefits of ownership, without “the state” assuming control over the enterprises themselves.

IV. Death (of SWO) and taxes

Whether or not we ultimately choose to promote just work through wage subsidies, it is crucial to recognize, as Cass does, that we could have doubled the EITC without making corresponding cuts to existing benefits, and still had less of a negative long-term impact on the federal deficit than the Tax Cuts and Jobs Act of 2017. The tax cuts mostly benefited the great winners of WTA, who in turn used the money for stock buybacks and investment in labor-replacing technology. When the dominant model of economic growth for decades has been the pursuit of historic corporate profits and capitalization while desolating middle-class jobs in manufacturing and other industries, simply giving the highly concentrated ownership of these corporations more money to invest is unlikely to further just work (Fleurbaey *et al.* 2018). Moreover, as Nobel Prize-winning economist Joseph Stiglitz notes, by greatly exacerbating our long-term fiscal deficits, the likely product of the tax cuts would be to exacerbate the trade deficits that Trump so regularly decries (Stiglitz 2019). Corporations are designed to pursue profit, not just work. If that profit comes from employing workers at better wages, that’s great. Often, however, it comes from investing in labor-displacing automation, moving manufacturing to low-income countries, or simply buying out other investors. While the returns for investors may be the same, the impact of these strategies on just work is not. By contrast, as Cass notes, if we doubled the EITC, “the labor market and its low-wage workers would have been the chief beneficiaries” (Cass 2018, p. 170).

When combined with low-wage workers’ rising share of the tax burden through payroll taxes, these cuts to corporations and high-income individuals send a clear message regarding our priorities. Discussing this shift in the tax burden from corporations to low-wage workers, Cass writes:

If the goal is merely faster GDP growth, that may be the best approach. If the goal is a healthy labor market, though, aiming the tax code at promoting investment growth is overbroad – that is, much of its effect is disconnected from the purported goal – and paying for corporate and high-income tax reductions with higher taxes on low-wage labor is counterproductive. The implicit message to the market is “try to grow rapidly with as little labor as possible.” The market appears to have listened.

(Cass 2018, p. 164)

Fortunately, there are a number of ways to reform our tax system to further just work. Echoing Cass, we should (to the extent that it is possible) replace taxes on labor with taxes on rents. This strategy promises greater efficiency according to both just work and more traditional economic standards. Drawing on the collaborative research of more than 300 social scientists from the International Panel on Social Progress, economist Mark Fleurbaey identifies a number of alternative sources of revenue, including taxes that target urban land rents and monopolistic profits, while countering the rapidly rising share of GDP dedicated to advertising, lobbying, finance, and litigation. While these measures “will not be sufficient to replace taxes on labor,” as Fleurbaey notes, they

can substantially reduce the deadweight of such distortionary taxes. This would contribute to orienting technological innovation in a more socially beneficial direction, because the prices (including taxes) would better reflect the social impacts of decisions about processes and products.

(Fleurbaey et al. 2018, p. 170).

Most basically, we could further just work by making our tax system more progressive. As American society increasingly moves from SWO to WTA, a logical policy response for Americans concerned with just work is to shift the tax burden along with it, with those who capture the lion's share of the fruits of economic growth assuming a larger share of the tax burden while decreasing the share of workers whose wages have barely improved in several decades. Sadly, our strategy has been the opposite, to throw gasoline on the fire of WTA by transforming the progressive tax system we had during the decades of rapid, equitable growth to what in practice amounts to a comparatively flat tax regardless of income. Perhaps because our public discourse on taxation tends to focus on the federal income tax, readers may be surprised to learn how much less progressive (even regressive) our tax code has become. The transition from SWO to WTA in the United States has been aided and abetted by the steady shifting of the burdens of taxation from wealthier to working-class Americans, as the rates of taxation on the income (including realized capital gains) and corporate profits of wealthiest Americans have been repeatedly slashed and partially replaced by higher payroll, residential property, and consumption taxes.

In the period of history that more closely approximated SWO, America possessed arguably the most progressive tax system in the world, with top marginal income tax rates of 90% under President Eisenhower, as well as a 52% taxation on corporate profits and rates of nearly 80% on the wealthiest of estates. Even though wealthiest 400 Americans paid much less than that in effective taxation – taking advantage of substantial loopholes and tax incentives – according to analysis by Emmanuel Saez and Gabriel Zucman, they still paid nearly 60% in 1960. Today, they pay approximately 23%. When we move from the top to the bottom of the income ladder, by contrast, we see the opposite trend. The rates for taxes that make up most of the tax burden of lower-income Americans – payroll and consumption

taxes – have risen substantially during that period. In 1950, a minimum-wage worker in the United States made approximately half of what the average worker earned, while paying 3% in payroll taxes. Today, in addition to the dramatic reduction in their relative earnings, minimum-wage workers pay 15% of those earnings in payroll taxes. According to analysis by Saez and Zucman, with the recent passing of the Tax Cuts and Jobs Act we’ve managed, for the first time in American history, to make the tax rate for billionaires the lowest of any income group (though due to widespread tax avoidance and evasion at the tippity-top of the income ladder, it is impossible to be certain).

Of course, the widespread practice of tax evasion and tax avoidance itself functions to redistribute post-tax wealth to the highly concentrated stockholders of multinational corporations, as countries continue to lower corporate and personal income tax rates to avoid losing “tax competitions” to other nations. Even with such a race to the bottom, however, more than \$600 billion is “booked” in a handful of tax havens every year, including 55% of American corporate profits (Tørsløv *et al.* 2018, Wright and Zucman 2018, Zucman 2014, Zucman 2015, Saez and Zucman 2019). One way to lower the billionaires’ tax rate is to “sell” intangible, intellectual property at a preposterously low price to a subsidiary in Ireland or Bermuda, as Google did by selling its proprietary search and advertisement technology to “Google Holdings” in 2004. Then, the subsidiary “leases” the technology to the company headquartered in the US, allowing the owners of Google (which isn’t actually that profitable on paper) and Google Holdings (which took in \$22.7 billion in revenue in 2017 alone) to pay almost no taxes on those profits. While the amount paid by Google Holdings is not publicly disclosed, Saez and Zucman describe a similar case, involving the European company Skype, which sold its voice-over-IP technology to an Irish subsidiary shortly after Google’s “deal” with Google Holdings. Thanks to “LuxLeaks,” the price paid by the subsidiary is public knowledge. The subsidiary paid all of 25,000 euros for the groundbreaking technology. A few months later, eBay bought Skype for \$2.6 billion (Saez and Zucman 2019, p. 75).

If shares of multinational corporations were more or less equally held by individuals throughout the population, such tax evasion would have little impact on just work. As we saw in Chapter 1, however, the wealthiest 10% of the population own nearly 90% of stock shares, with the top 1% owning half (Wolff 2017). Most of us make nearly all of our income through wages. While we may fancy having our paychecks mailed to an alter ego in Bermuda, thereby paying little to no tax, we are unable to do so.²⁵ Making matters worse, in addition to such corporate tax evasion, Zucman estimates that approximately \$8 trillion in private wealth is currently hidden in tax havens (Zucman 2015). Faced with lost revenue, countries around the world must turn to far more regressive forms of taxation to avoid running giant deficits, or cut programs that disproportionately benefit poor and middle-income workers and their families. As a result, tax competition exacerbates the negative impact of trends toward WTA. In the process, it undermines political accountability and democratic sovereignty (Dietsch 2015), tilting the balance of political

power further toward those who might use that power to entrench their wildly disproportionate gains from trends toward WTA. Our focus on just work compels us to seek alternatives.

Fortunately, economists increasingly demonstrate that while fear of capital flight (in particular, *on paper* capital flight) serves the interest of the relatively small numbers of individuals and nations who most profit from the status quo, alternatives to such regressive tax competitions exist, provided that we possess the political will to adopt them. The ideal solution may involve greater international cooperation. Nonetheless, significant progress in curbing tax evasion does not depend upon it. First, individual governments could require companies to publicly disclose not only their worldwide consolidated properties but also in which countries (and with which subsidiaries) they book these profits. This might help the American public to push tax authorities to actually use the information currently available, collecting tens of billions of dollars in missing tax resulting from the use of offshore tax havens. In the process, we could avoid the cycle of tax evasion, declining tax revenue (even in the face of exploding profits), and further tax cuts to encourage companies to pay at least a small portion of their outstanding tax bill. Such action would not depend upon cooperation with other countries, including the small minority that profits immensely from tax competition. While tax competition serves the interest of the highly concentrated ownership of multinational corporations, most citizens of large countries like the United States, Brazil, and India lose far more in revenue to competition than they could ever hope to gain by luring foreign profits. Fortunately, the great size of the US market also provides us the opportunity to make a significant impact through the unilateral adoption of policies to curb tax competition, including taxing companies based on the location of their sales. Indeed, such policies have already been adopted by individual states (Dietsch 2015, Zucman 2015, Stiglitz 2019, Saez and Zucman 2019, Fleurbaey *et al.* 2018).

The evolution of American tax policy is a moral disaster. It simply doesn't make sense, in response to trends toward WTA, to expect low- and middle-income workers to pay taxes at a *higher* rate than when the fruits of growth were far more equitable, while at the same time cutting *in half* the rates of the small minority that most profits from these trends. Moreover, with nearly a century of evidence, the empirical case for progressive taxation is strong: cutting the taxes of top earners has not led to better wages nor less tax evasion. In fact, the opposite is true. As America's tax code has become much less progressive, tax evasion has become far more rampant (Saez and Zucman 2019), the wages of most workers have stagnated even as profits have soared, and absolute mobility has plummeted along with top tax rates. As with any set of policies, the feasibility and effectiveness of tax reforms will depend upon the details of a given policy in context. Nonetheless, recognizing the normative priority of just work in WTA provides even greater impetus to be creative in developing and adopting tax structures that encourage productive activity rather than those that shower ever greater rewards on the relative few who have captured most of the fruits of economic growth for several decades, enabling them to collect even more rent on the productive activity of others. Recent experience

makes all too vivid the disconnect between the stock market, and the great profits and rents collected by those who control most corporate stock, and the welfare of the tens of millions of Americans put out of work during the pandemic. Future reforms to tax code should be dedicated to countering the devastating impact of WTA on just work, rather than making things worse.

V. The American Dream after Covid-19

In this book, I articulate and defend just work as a normative and policy model for a post-pandemic economy. Rather than try to convince Americans to affirm principles of justice that are inconsistent with their convictions, my arguments identify and consider the practical implications of widely held values, demonstrating the ways in which some of these values take on greater moral importance as Covid-19 propels American society even further from a Smithian well-ordered society that elevates the status and quality of life of ordinary workers to a winner-take-all society that concentrates the fruits of economic growth among a small number of individuals. In addition, while concerns for racial and gender justice are typically couched in different principles of justice (such as fair race and equal recognition), I show how policies that further just work can be helpful, even necessary, to combat persistent racial and gender economic inequality. To make these arguments, I draw on and integrate insights and analysis from across academic disciplines, including philosophy, politics, and economics. This is an ambitious work, to say the least.

Nonetheless, I am not so ambitious as to believe that I can also provide a full-proof blueprint for maximizing just work in the American status quo. This chapter does not offer such a blueprint. Instead, I suggest a number of potential avenues for reform, both in terms of the policies we might adopt and the framework we ought to utilize to assess the costs and benefits of such reforms. This list is obviously not meant to be exhaustive. In addition, it is important to remember from Chapter 6 that the goal of these reforms is to further justice according to the principle of just work, not to move us closer to a particular vision of an ideally just society. This is important for several reasons. First, while adopting one policy may make the others more or less effective, none of my proposals depend on the adoption of all the others in order to be effective. The goal of each is to make American society comparatively just in the status quo. Americans need not, and probably should not, adopt all of these reforms at once. Second, at times Americans will want or need to accept trade-offs in favor of other values. These trade-offs cannot be resolved or stipulated in advance, by reference to some idealized vision of a perfectly just society. As such, while this work demonstrates the urgent need to move just work to the center of our public philosophy, I do not advocate giving just work lexical or absolute priority, claiming that other values come into consideration only when our society is perfectly just according to that principle. Even if the concerns reflected in just work are more urgent than at any time in our lifetimes, other values still matter.

Public policy reform is a messy business, and the effectiveness of a given reform depends on the details of that reform and the context to which it applies, not just

the intentions of its supporters. Well-intentioned reforms can bring with them significant unforeseen consequences. Even in the case of reforms that are generally effective, the consequences will not all be positive. These facts, as Smith long ago recognized, should give us humility in our attempts to reform central laws and institutions. In part for this reason, I warn of the limits and dangers of the perspective of a philosopher-king who could make all of the reforms they want, whenever they want. My presentation here reflects that humility. However, I want to briefly caution against the flip side of such idealization, the pessimism that attempts to make American society more just will ultimately do more harm than good. That is, I warn us not to take the perspective of what we might call an “inverted Pangloss.”

Readers may be familiar with Voltaire’s classic work *Candide: ou l’Optimisme*. In this book, a satire of the philosophy of Gottfried Wilhelm Leibniz, the young Candide is educated (indoctrinated) by Professor Pangloss to believe as a fundamental metaphysical truth that “all is the best” in this, “the best of all possible worlds.” As Candide experiences one calamity after another, and struggles to defend his worldview to others, this optimistic philosophy seems increasingly incredible to the reader. In the end Candide rejects it. The term “inverted Pangloss” reflects the fatalistic underbelly of the character’s philosophy.²⁶ If the world, no matter how terrible, is the best it can be, then any attempt to make it better will (at best) merely exchange one bad thing for another. Attempts to further justice will either be fruitless or self-serving, as any perceived gains to justice will be offset by negative externalities elsewhere. What’s simultaneously most interesting and most troubling about the perspective of the inverted Pangloss is the fact that, though couched in epistemic humility – the fact that real-world complexities make it impossible to be certain about the benefits of proposed reforms – the position is essentially a claim to epistemic certainty: that collective attempts to further justice will inevitably fail. Such pessimism is no less tautological than Panglossian optimism and, ultimately, just as untenable. Following Smith’s example, we ought to recognize that even well-meaning reforms can have unintended negative consequences. It is equally clear, however, that being humble is quite different than being fatalist. Smith did not simply accept as natural or inevitable the mercantilist philosophy and policy that, in his view, stood in the way of efforts to further the welfare of the working poor. Fortunately for us, neither did many of our ancestors.

When we recognize that basic fact that the status quo is neither natural nor inevitable, the question of whether or not reforms are morally justified depends upon the relevant principle of justice. Any changes to legal and institutional status quo will bring with them relative winners and losers from those changes. By definition, public policy is inherently redistributive, involving trade-offs between different values and different individuals. Most recently, our approach has overwhelmingly been to resolve these trade-offs in favor of the big winners of WTA, providing them with tax cuts and government subsidies that entrench their political and economic privilege. This work suggests a different priority and a different set of policies. What I argue is that, of all of the component standards of American public philosophy, in the context of a WTA economy mired in a pandemic-induced

depression, a central measure of the success or failure of reform must be its impact on just work. Each of the avenues of reform we consider offers substantial promise for making our market society function more efficiently according to this standard, enabling more Americans to exchange hard work for at least a middle-class life for themselves and their families.²⁷

With this value in mind, it is perfectly consistent with epistemic humility to note that such reforms could hardly be less efficient at furthering just work than cutting the taxes of the winners of WTA, in the hope that at least a small portion of those cuts makes its way (dare I say trickles down?) to workers through pay increases. The positive externalities of just work, moreover, can be substantial. Overwhelming evidence from across academic disciplines shows that whereas widespread gains from economic growth tend to bring about the best in us, an inequitable growth economy of growing economic insecurity, wherein people do not possess the hope of a better future for themselves and their children, brings out the worst. Pessimism in the ability of democracies to address these issues, moreover, is a recipe for authoritarian nationalism, rather than the peaceful, cosmopolitan global market than many envision (Frieden 2007, Burgoon *et al.* 2018, Colantone and Stanig 2018a, 2018b, 2018c, Napier and Jost 2008, Hetherington and Suhay 2011, Mounk 2018).

Much of American history, however – including our experiences in the past three-plus years since the election of President Trump – provide a giant, flashing warning sign for American families. If they fail to present a unified demand for just work, showing more concern for whether they are doing slightly better than those “other” workers over there rather than the wealth, welfare, and dignity of workers in general, they will almost certainly get screwed. Donald Trump’s presidential campaign recognized and capitalized on political and economic trends, speaking directly to millions of Americans whose communities had experienced decades of decline. He spoke to people who, even if they themselves possessed a measure of wealth and security, held little hope for such a future for their children and grandchildren. While Trump voters on average were neither poorer nor personally more “economically anxious” than Clinton voters, they were far more likely to live in communities in decline, with less hope for a better life for their children and grandchildren. They were far more likely to report being in pain on a daily basis, and to live in communities with rapidly growing incidence of drug addiction and overdose, liver disease from alcohol, depression, and suicide (Case and Deaton 2020). In those communities they witnessed firsthand the erosion of just work.

As is so often the case throughout history, however, Trump did so in ways that capitalize upon racial and cultural division. In short, instead of building a broad-based worker coalition dedicated to furthering just work, Trumpian politics serves to exacerbate divisions between communities that, ultimately, face similar obstacles to achieving the American Dream in the context of WTA. What people got for their support of Trump, then, was not a combination of the just work policies I describe here, including the huge spending on infrastructure that was one of his central campaign promises. Using the controversial “reconciliation” process to

bypass ordinary Senate procedure, Republicans easily could have passed any number of far more worker-friendly policies. Many of these would likely have had substantial Democratic support as well. We got none of them.

Instead, Trump and his fellow Republicans doubled down on the economics of WTA, adopting a policy whose primary beneficiaries were those who chiefly profited from several decades of decline in just work. Echoing the insights of King from more than half a century ago, this sad state of affairs suggests that a large, interracial coalition of working Americans may be necessary to make just work a political and policy priority. While the continued decline of just work is neither natural nor inevitable, we need to avoid the sort of hopelessness that makes that decline a self-fulfilling prophecy. Optimism in the ability of Americans to come together to create a more just society is undoubtedly unfashionable, reminiscent of an earlier time when people possessed much more faith in their fellow citizens, including their elected representatives. Given the constitution of American politics, our repeated failures to address trends toward WTA, and our scattered response to the Covid-19 pandemic, it is more than understandable for American workers to be skeptical of their representatives' ability to effectively legislate to secure just work. Like Smith, moreover, we tend to believe that government "interventions" into markets often do more harm than good. As a result, we tend to be skeptical of ambitious economic plans – even when they are motivated by values that we hold dear. If Americans in the status quo are not worried about government capture by powerful and well-organized economic interests, they haven't been paying attention. As Case and Deaton put the point, what is happening today is more like "Sheriff of Nottingham" than "Robin Hood" redistribution, as governmental policies enable further rent-seeking by wealthy Americans even as the federal tax rate remains (at least nominally) progressive.²⁸

What workers need to understand, however, is that what they get for this skepticism is not less government, but government less attuned their interests. Widespread cynicism, particularly when it engenders political apathy and powerlessness, more or less guarantees that government "interventions" into markets will overwhelmingly and increasingly serve the interests of those who – though they may publicly extol the dangers of government overreach and the virtues of free markets – are more than happy to seek policies that secure their privileged position. As such, it exacerbates the many forms of "crony capitalism" that led to skepticism, distrust, and apathy in the first place. The federal government's response to Covid-19 underlines this fact. To counter this power and privilege, Americans need to demand legislation in favor of the worker. We need to collectively organize to counter our relative powerlessness, working alongside those with whom we inevitably disagree on other issues. Regardless of their race, gender, religion, or party affiliation, we need to favor candidates who are committed to just work, such that candidates for both major parties will face electoral irrelevance if they fail to take our concerns and our values seriously. We need to work individually and collectively to make just work a political and policy priority for our post-pandemic economy. The American Dream in the 21st century depends on it.

Notes

- 1 Though they often work longer hours than ideal.
- 2 See also (Hausman *et al.* 2016).
- 3 Economist Robert Lucas writes, in an oft-cited quote, “Of the tendencies that are most harmful to sound economics, the most seductive and in my opinion the most poisonous, is to focus on questions of distribution” (Lucas 2004).
- 4 To be sure, Korinek and Stiglitz recognize that in many cases it is impractical to produce a tax-and-transfer system sufficiently sensitive to technological redistributions, both because of the various information problems and because such a system may introduce a number of moral hazards. In those cases, they argue that a more general progressive tax system together with an expanded safety net may be the best available second-best option. As such, there may be a good deal of practical overlap between policies directed at just work and the second- or third-best options for Korinek and Stiglitz, given feasibility constraints.
- 5 A state of affairs Ugo Pagano refers to as an “Investment Famine.” Without addressing the legal sources of such a famine, tax cuts will be a much less efficient mechanism for furthering just work.
- 6 In part by utilizing and even expanding, as they did during SWO, the giant cadre of highly skilled public and publicly subsidized employees (such as university professors and affiliated researchers), rather than relying on private funding for research and development.
- 7 A central question for economics has been how to explain the rise of large firms. As Joseph Heath notes, following the insights of Nobel Prize-winning economist Ronald Coase and others, the rise of large firms represents (functionally speaking) an attempt to address the limitations of free markets, by substituting large-scale cooperation within the firm for the adversarial relationships that constitute free markets (and make them function as well as they do). Most generally, the corporate organizational form permits individuals to achieve economies of scale that would be impossible (or prohibitively expensive) to organize through market contracting (Heath 2014, p. 247–248). In the process, of course, they also change the relationships between, and relative power of, different participants in markets. See also (Anderson 2017).
- 8 The result is what Branko Milanovic calls a plutocratic globalization, rising inequality in wealthy and poor countries, and a state of affairs where “members of the elite will have much more in common with one another, regardless of the country where they are from, then they will have with people that they share citizenship.” (Milanovic 2014, p. 128).
- 9 In 1965, American CEOs took home approximately 20 times the compensation of the typical American worker. By 2000, the rate had ballooned to 376 to 1 (Karabell 2018). While Germany also has some of the highest-paid CEOs in the world, they still make less than half of their American counterparts (Derosseau 2014).
- 10 Which may, if successful, become models for more mandatory regulation. For more on the potential benefits to employers of offering “good jobs,” see (Ton 2014).
- 11 Growth which already appeared to be slowing, before grinding to a halt due to the pandemic (Irwin 2019).
- 12 It is worth noting that while most economic models predict declining employment as a product of raising the minimum wage, the empirical evidence is mixed (Card and Krueger 1994, Cengiz *et al.* 2018, Neumark 2001).
- 13 For a critique of the Earned Income Tax Credit from the left, see (Bruenig 2020)
- 14 “What really infuriates Democrats,” he writes, “is the possibility that employers might benefit” (Cass 2018, p. 170).
- 15 For an analysis of four decades of government-subsidized employment programs, see (Dutta-Gupta *et al.* 2016).
- 16 The great push for government expansion of health insurance in the 1960s, not surprisingly, came from those who had grown accustomed to the benefits of health insurance but had lost (or would lose) those benefits as they retired.

- 17 Many readers may be surprised to learn that longstanding government subsidies for wealthier workers with employment-based health insurance are two and half to three times those provided for low-income workers under “Obamacare” (Reinhardt 2019).
- 18 Though part of our poor performance is due to our comparatively high levels of inequality and poverty. Policies that succeed in furthering just work, in other words, would likely also lead to better health outcomes even without health care reform.
- 19 Things haven’t gotten much better (Anderson *et al.* 2019).
- 20 As health economist Henry Aaron puts it,

I look at the U.S. health care system and see an administrative monstrosity, a truly bizarre *mélange* of thousands of payers with payment systems that differ for no socially beneficial reason, as well as staggeringly complex public systems with mind-boggling administered prices and other rules expressing distinctions that can only be regarded as weird.

(Aaron 2003).

- 21 In terms of existing U.S. policy, the difference between “universal social insurance” versus “socialized medicine” would be like the difference between Medicare for all and Department of Veterans Affairs health care for all.
- 22 Heath’s work recalls Nobel Prize-winning economist Kenneth Arrow’s essential 1963 article on uncertainty and the economics of medical care (Arrow 1963).
- 23 The problem with our public discourse is not that we think of health care as a commodity, or that we do cost-benefit analysis with respect to what many regard as a basic human right. Such analysis is the only responsible way to address inherently scarce resources. The problem is that in our discourse over whether or not such health care is a right, both proponents and opponents of universal health insurance may overlook the giant efficiency gains of such public risk pooling. See also (Heath 2001, 2014).
- 24 While many call for a renewed focus on vocational and technical education, it is important to recognize that such a focus will be successful at furthering just work only if it enables a more equitable sharing of the fruits of economic growth.
- 25 “Sorry, my fellow citizens,” America Josh declares, “but while I did most of the work in the United States, attended American schools, drove on American roads, received services from countless American agencies, largely depended upon my fellow Americans for demand for my labor, etc. etc., Bermuda Josh actually made all the money.”
- 26 Our goal (clearly) is not to consider the merits of Leibniz’ philosophy or the veracity of Voltaire’s portrayal of it.
- 27 That the costs and benefits of reform are unequal does not mean that these policies are zero-sum. The benefits to these policies might significantly outweigh the costs by a wide range of standards.
- 28 See also (Tanzi 2016).

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