

Workplace as Private Government

PPE Capstone

Private Government

According to Elizabeth Anderson, most workers in the United States are governed by communist dictatorships* in their work lives.

Most workers are subject to *private government*:

- (1) They are subordinate to authorities who can order them around and sanction them for not complying over some domain of their life; and
- (2) The authorities treat it as none of their business, across a wide range of cases, what orders it issues or why it sanctions them.

Private government is government that has arbitrary, unaccountable power over those it governs.

The Theory of the Firm

Why do firms exist? And why are they organized hierarchically? If bosses are so bad, why isn't there universal self-employment?

Answer: Hierarchically-organized firms with centralized authority lower the *transaction costs* involved in coordinating production among independent contractors in the market.

Firms can produce goods more efficiently because the open-ended authority of managers eliminates the need to constantly re-negotiate contracts.

Because of this gain in efficiency it is in everyone's benefit that we have them.

What's So Bad about Private Government?

1. **Abuse of Power Worry.** There are *justified* uses of power and there are *unjustified* uses of power. By giving employers the tools they need to wield their justified powers, we also give them unjustified powers.
 - (a) Increases likelihood of abuse that might harm you. (*Well-Being*)
 - (b) It's objectionable to be under the unjustified power of another. (*Autonomy*)
2. **Domination Worry.** Being subject to the boss' *whims*, which undermines your republican freedom. You are subordinated—put in a relation of inferiority—to other individuals.

*Employers own the means of production and are controlled by centralized planning.

Capitalism (as we'll be using the term) is an economic system characterized by a particular combination of three institutions:

1. Private property
2. Markets
3. Firms

Capitalism combines centralization (firms) with decentralization (markets) in the production and distribution of private property.

This idea comes from Ronald Coase's 1937 paper "The Nature of the Firm," which earned him a Nobel Prize.

Three different notions of freedom:

1. *Negative freedom:* No one is interfering in your actions.
2. *Positive freedom:* You have a rich menu of options effectively accessible to you, given your resources.
3. *Republican freedom:* No one is dominating you — you are subject to no one's arbitrary, unaccountable will.

Objections

1. *Exit.* Employees are not objectionably subjected to the authoritarian control of their employers because they can leave and go elsewhere.
2. *Employer Competition.* Employers must compete with each other for employees. This provides them with incentives to respect workers' dignity and autonomy.
3. *Compensating Differentials.* Given a choice between higher pay and greater autonomy (and other "perks"), employees routinely choose the former. Employers are just giving employees what they want.
4. *Efficiency.* If workers don't submit to the dictatorial power of their employers, production will be less efficient.

What Should Be Done?

Anderson cites four general strategies for advancing the liberties and interests of the governed under any type of government: (1) Exit; (2) The rule of law; (3) Substantive constitutional rights; (4) Voice.

- (1) **Exit.** Prohibit (or significantly limit) the use of Noncompete clauses.
- (2) **The Rule of Law.** Require Employee Handbooks and Standard Practice Guides; expand equal protection and due process rights.
- (3) **Substantive Constitutional Rights.** Pass a Workers' Bill of Rights.
- (4) **Voice.** Workplace Democracy; Labor Unions; Codetermination.

What are some other possible remedies?