Is it possible to combine robust advocacy of economic freedom with a liberal commitment to social justice? John Tomasi launches a major research program—market democracy—with this aim. At the level of political philosophy, which identifies foundational values and principles of justice, market democracy is “high liberal,” in the tradition of Rawls and Dworkin. Tomasi affirms a contractualist conception of justification, according to which the principles realized by institutions must be acceptable to their participants, who conceive of themselves as free, equal, independent agents. Such principles must honor procedural values—respect for individual agency and voluntary choice—while seeking distributive outcomes that benefit all, especially the least advantaged. At the level of political theory, which identifies regime types that can realize the principles of justice, market democracy is a development of “classical liberalism” in the tradition of Smith and Friedman, combining a democratic state with private property and free markets.

Tomasi deftly navigates the shores between high liberal and libertarian theories, charting a fresh course that takes advantage of landmarks on both sides, while avoiding their respective shoals. Rejecting libertarian theories of self-ownership and associated near-absolute notions of private property and contract, Tomasi allows that economic regulations may be necessary to protect public health and limit monopolies, fraud, pollution, and discrimination. But they would have to pass a high level of judicial scrutiny in a regime that recognizes economic freedom as a basic liberty enjoying constitutional protections on a par with freedom of speech and religion. Tomasi makes an important scholarly contribution in documenting the appeals of libertarians and classical liberals—not just Locke, Smith, Friedman, and Epstein, but even Hayek, von Mises, Nozick, Rothbard, and Rand—to claims of social justice on behalf of the poor. He persuasively argues that advocates of economic liberty should do so as a matter of principle.

While endorsing their principles of justice, Tomasi takes high liberals to task for denigrating the importance of economic liberty and economic growth. Rawls’s neutrality about private ownership of productive property and support for a steady-state economy do not comport with popular opinion in developed economies. Tomasi takes this as evidence that the value of economic liberty increases with prosperity, because advanced market economies...
offer more personalized opportunities for consumption and meaningful work than the old industrial capitalist model, founded on tedious mass production of homogeneous goods. This justifies placing a “thick” conception of economic liberty on a par with the other basic liberties.

As a research program, market democracy could be developed in conjunction with various high liberal theories of social justice, such as luck egalitarianism or capability theory. Tomasi’s preferred version of market democracy—free market fairness—starts from Rawls’s principles of justice, interpreted through an emphasis on individual agency. Tomasi persuasively argues that the social bases of self-respect involve not only enjoyment of certain distributive outcomes but enabling individuals to bring about those outcomes through their own agency. People want to earn the outcomes they get through their own efforts, and be recognized as deserving them. Hence Tomasi prefers that social justice be achieved via spontaneous market orderings, not state-run programs. He acknowledges the need for a minimal social welfare safety net and state education funding, but objects to redistributive taxes, social insurance, and regulatory schemes such as minimum wages and maximum hours legislation, which he claims paternalistically interfere with individual agency. Self-authoring, autonomous individuals should be free to make their own personal choices regarding tradeoffs between labor and leisure, current and future consumption, purchased and self-insurance.

If safety nets are minimal, social insurance and redistributive taxation eliminated, and labor laws supporting the bargaining power of workers struck down, how does Tomasi expect to realize Rawls’s principles of distributive justice? He places a big bet on economic growth. Even if, at a given time, a Rawlsian market socialism or property-owning democracy would provide higher income for the poorest than a market democratic regime, the latter’s commitment to economic growth in contrast with a steady-state economy will enable it to outstrip that bundle for future generations of the poorest workers. Tomasi places a secondary bet on agency: income matters, but earned income—produced as a result of one’s own efforts—matters even more. Hence even if economic growth is not much greater, the poor will still be better off under market democracy because the income they get will be personally earned, and socially recognized as deserved.

I am skeptical of both bets. Since the 1980s, North America and Europe have been moving from social democratic toward market democratic orderings. As government regulation, the welfare state, labor unions, and redistributive taxation have declined, economic growth has been decoupled from median income growth and tied to the very top. Widening inequality has caused stagnation in the economic prospects of the bottom half through
multiple paths, especially through capture of political processes by the rich. Tomasi has little to say about democracy or the threat of plutocracy, although this has been a major reason why democratic theorists from Rousseau to Rawls have worried about inequality. He suggests that the threat of plutocracy can be contained by constitutional protections for economic liberty that limit the scope of government regulation. This is naïve, given that so much lobbying concerns the specification of rules constitutive of modern market economies—for example, laws of intellectual property, credit, bankruptcy, corporate governance, finance, and tort liability. As multiple waves of financial crises since the 1980s demonstrate, economic elites can readily profit by manipulating the constitutive rules of the economic game in their interest, at grievous long-run cost to hundreds of millions of the less advantaged.

Tomasi sets aside such evidence on the ground that market democracy is a project in ideal theory, entitled to abstract from all but the most general laws of “political sociology.” As an ardent practitioner of pragmatist non-ideal theory, I fear that this gambit throws away a great deal of hard-won empirically grounded knowledge in political economy. In the common law countries at least, economic regulation in the interests of non-elites has not been brought about by paternalistic politicians in the grip of high-liberal ideology, but by the demands of popular social movements in the face of determined elite opposition that enjoyed a heavy thumb on the scales in its favor. Such regulations have nearly always been adopted reluctantly, in light of overwhelming evidence in their favor by the lights of the standards of social justice that Tomasi endorses. That’s not just me talking; it’s Adam Smith: “Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable” (Wealth of Nations, book 1, chap. 10). Given this reality, we can’t count on the idea that constitutionalizing rights to economic liberty will generally redound to the benefit of the less advantaged. Sometimes, as with arbitrary licensing requirements, it will. But the concept of “economic liberty” encompasses too many ways of rigging the game in favor of the advantaged to count on this.

At this point, Tomasi might double-down on his second bet, which stresses the superior value of outcomes brought about by one’s own agency over passively received outcomes. Tomasi has identified a value that deserves greater prominence, and eloquently argues for its centrality to the social bases of self-respect. His interpretation of that value, however, reflects a class-biased double standard dressed up in an undertheorized individualism. He doesn’t see
how the less advantaged rightly credit their agency in outcomes they have brought about through democratic action, whether through party politics, labor unions, or community organizing. He doesn’t see how they rightly credit their agency in other cooperative projects, such as social insurance, that realize social justice, and rightly judge the distributions of social insurance as deserved. Yet he gladly credits the income reaped by top executives as products of their own agency, even though they obtained it through a different sort of collective agency—the modern corporation. He insists that workers’ agency can only be honored if they negotiate individually with employers. (Never mind that less advantaged workers rarely get the opportunity to negotiate anything when employers have the power to simply impose terms.) He doesn’t see that, by this logic, the agency of capital owners should be undermined when they combine in the corporate form to offer terms to employees of a firm. His stress on the importance of outcomes being earned or deserved is also impossible to square with his hostility toward inheritance taxes, and taxes on income from passive property ownership more generally.

Nevertheless, market democracy offers a refreshing change from stale debates within libertarian and high liberal ideal theory. Tomasi is right to stress that the economy is an important domain of liberty wrongly denigrated by high liberals, as distributive justice has been wrongly denigrated by libertarians. To define the proper scope of markets and private property, however, market democracy needs to get more empirical, particularly about the realities of economic power in politics and labor markets, and shed class biases in interpreting its values.


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One of the most intriguing, though largely forgotten, strands woven into the rich tapestry of socialist culture in late nineteenth-century Britain was the Labour Church movement. This curious mixture of nonconformist piety and leftist revivalism brought together socialist worshippers from different religious backgrounds, and attracted those of no faith at all. At its inaugural meeting, on October 4, 1891, a string band played, after which the movement’s founder, John Trevor, led the congregation in solemn prayer. There