

CHAPTER

8

Equality, Envy, Exploitation, Etc.

EQUALITY

THE legitimacy of altering social institutions to achieve greater equality of material condition is, though often assumed, rarely *argued* for. Writers note that in a given country the wealthiest n percent of the population holds more than that percentage of the wealth, and the poorest n percent holds less; that to get to the wealth of the top n percent from the poorest, one must look at the bottom p percent (where p is vastly greater than n), and so forth. They then proceed immediately to discuss how this might be altered. On the entitlement conception of justice in holdings, one *cannot* decide whether the state must do something to alter the situation merely by looking at a distributional profile or at facts such as these. It depends upon how the distribution came about. Some processes yielding these results would be legitimate, and the various parties would be entitled to their respective holdings. If these distributional facts *did* arise by a legitimate process, then they themselves are legitimate. This is, of course, *not* to say that they may not be changed, provided this can be done without violating people's entitlements. Any persons who favor a particular

end-state pattern may choose to transfer some or all of their own holdings so as (at least temporarily) more nearly to realize their desired pattern.

The entitlement conception of justice in holdings makes no presumption in favor of equality, or any other overall end state or patterning. It cannot merely be *assumed* that equality must be built into any theory of justice. There is a surprising dearth of arguments for equality capable of coming to grips with the considerations that underlie a nonglobal and nonpatterned conception of justice in holdings.¹ (However, there is no lack of unsupported statements of a presumption in favor of equality.) I shall consider the argument which has received the most attention from philosophers in recent years; that offered by Bernard Williams in his influential essay "The Idea of Equality."² (No doubt many readers will feel that all hangs on some other argument; I would like to see *that* argument precisely set out, in detail.)

Leaving aside preventive medicine, the proper ground of distribution of medical care is ill health: this is a necessary truth. Now in very many societies, while ill health may work as a necessary condition of receiving treatment, it does not work as a sufficient condition, since such treatment costs money, and not all who are ill have the money; hence the possession of sufficient money becomes in fact an additional necessary condition of actually receiving treatment. . . . When we have the situation in which, for instance, wealth is a further necessary condition of the receipt of medical treatment, we can once more apply the notions of equality and inequality: not now in connection with the inequality between the well and the ill, but in connection with the inequality between the rich ill and the poor ill, since we have straightforwardly the situation of those whose needs are the same not receiving the same treatment, though the needs are the ground of the treatment. This is an irrational state of affairs . . . it is a situation in which reasons are insufficiently operative; it is a situation insufficiently controlled by reasons—and hence by reason itself.³

Williams seems to be arguing that if among the different descriptions applying to an activity, there is one that contains an "internal goal" of the activity, then (it is a necessary truth that) the only proper grounds for the performance of the activity, or its allocation if it is scarce, are connected with the effective achievement of the internal goal. If the activity is done upon others, the only proper criterion for distributing the activity is their need for

it, if any. Thus it is that Williams says (it is a necessary truth that) the only proper criterion for the distribution of medical care is medical need. Presumably, then, the only proper criterion for the distribution of barbering services is barbering need. But why must the internal goal of the activity take precedence over, for example, the person's particular purpose in performing the activity? (We ignore the question of whether one activity can fall under two different descriptions involving different internal goals.) If someone becomes a barber because he likes talking to a variety of different people, and so on, is it unjust of him to allocate his services to those he most likes to talk to? Or if he works as a barber in order to earn money to pay tuition at school, may he cut the hair of only those who pay or tip well? Why may not a barber use exactly the same criteria in allocating his services as someone else whose activities have no internal goal involving others? Need a gardener allocate his services to those lawns which need him most?

In what way does the situation of a doctor differ? Why must his activities be allocated via the internal goal of medical care? (If there was no "shortage," could some *then* be allocated using other criteria as well?) It seems clear that *he* needn't do that; just because he has this skill, why should *he* bear the costs of the desired allocation, why is he less entitled to pursue his own goals, within the special circumstances of practicing medicine, than everyone else? So it is *society* that, somehow, is to arrange things so that the doctor, in pursuing his own goals, allocates according to need; for example, the society pays him to do this. But why must the society do this? (Should they do it for barbering as well?) Presumably, because medical care is important, people need it very much. This is true of food as well, though farming does *not* have an internal goal that refers to other people in the way doctoring does. When the layers of Williams' argument are peeled away, what we arrive at is the claim that society (that is, each of us acting together in some organized fashion) should make provision for the important needs of all of its members. This claim, of course, has been stated many times before. Despite appearances, Williams presents no argument for it.* Like others, Williams looks only to questions of

* We have discussed Williams' position without introducing an essentialist view that some activities necessarily involve certain goals. Instead we have tied

allocation. He ignores the question of where the things or actions to be allocated and distributed come from. Consequently, he does not consider whether they come already tied to people who have entitlements over them (surely the case for service activities, which are people's *actions*), people who therefore may decide for themselves to whom they will give the thing and on what grounds.

EQUALITY OF OPPORTUNITY

Equality of opportunity has seemed to many writers to be the minimal egalitarian goal, questionable (if at all) only for being too weak. (Many writers also have seen how the existence of the family prevents fully achieving this goal.) There are two ways to attempt to provide such equality: by directly worsening the situations of those more favored with opportunity, or by improving the situation of those less well-favored. The latter requires the use of resources, and so it too involves worsening the situation of some: those from whom holdings are taken in order to improve the situation of others. But holdings to which these people are entitled may not be seized, even to provide equality of opportunity for others. In the absence of magic wands, the remaining means toward equality of opportunity is convincing persons each to choose to devote some of their holdings to achieving it.

The model of a race for a prize is often used in discussions of equality of opportunity. A race where some started closer to the finish line than others would be unfair, as would a race where some were forced to carry heavy weights, or run with pebbles in their sneakers. But life is not a race in which we all compete for a prize which someone has established; there is no unified race, with some person judging swiftness. Instead, there are different persons

the goals to *descriptions* of the activities. For essentialist issues only becloud the discussion, and they still leave open the question of why the only proper ground for allocating the activity is its essentialist goal. The motive for making such an essentialist claim would be to avoid someone's saying: let "schmoctoring" be an activity just like doctoring except that *its* goal is to earn money for the practitioner; has Williams presented any reason why *schmoctoring* services should be allocated according to need?

separately giving other persons different things. Those who do the giving (each of us, at times) usually do not care about desert or about the handicaps labored under; they care simply about what they actually get. No centralized process judges people's use of the opportunities they had; that is not what the processes of social cooperation and exchange are *for*.

There is a reason why some inequality of opportunity might seem *unfair*, rather than merely unfortunate in that some do not have every opportunity (which would be true even if no one else had greater advantage). Often the person entitled to transfer a holding has no special desire to transfer it to a particular person; this contrasts with a bequest to a child or a gift to a particular person. He chooses to transfer to someone who satisfies a certain condition (for example, who can provide him with a certain good or service in exchange, who can do a certain job, who can pay a certain salary), and he would be equally willing to transfer to anyone else who satisfied that condition. Isn't it unfair for one party to receive the transfer, rather than another who had less opportunity to satisfy the condition the transferrer used? Since the giver doesn't care to whom he transfers, provided the recipient satisfies a certain general condition, equality of opportunity to be a recipient in such circumstances would violate no entitlement of the giver. Nor would it violate any entitlement of the person with the greater opportunity; while entitled to what he has, he has no entitlement that it be more than another has. Wouldn't it be *better* if the person with less opportunity had an equal opportunity? If one so could equip him without violating anyone else's entitlements (the magic wand?) shouldn't one do so? Wouldn't it be fairer? If it *would* be fairer, can such fairness also justify overriding some people's entitlements in order to acquire the resources to boost those having poorer opportunities into a more equal competitive position?

The process is competitive in the following way. If the person with greater opportunity didn't exist, the transferrer might deal with some person having lesser opportunity who then would be, under those circumstances, the best person available to deal with. This differs from a situation in which unconnected but similar beings living on different planets confront different difficulties and have different opportunities to realize various of their goals. There,

the situation of one does *not* affect that of another; though it would be better if the worse planet were better endowed than it is (it also would be better if the better planet were better endowed than *it* is), it wouldn't be *fairer*. It also differs from a situation in which a person does not, though he could, choose to *improve* the situation of another. In the particular circumstances under discussion, a person having lesser opportunities would be better off if some particular person having better opportunities didn't exist. The person having better opportunities can be viewed not merely as someone better off, or as someone not choosing to aid, but as someone *blocking* or *impeding* the person having lesser opportunities from becoming better off.⁴ Impeding another by being a more alluring alternative partner in exchange is not to be compared to directly *worsening* the situation of another, as by stealing from him. But still, cannot the person with lesser opportunity justifiably complain at being so impeded by another who does not *deserve* his better opportunity to satisfy certain conditions? (Let us ignore any similar complaints another might make about *him*.)

While feeling the power of the questions of the previous two paragraphs (it is *I* who ask them), I do not believe they overturn a thoroughgoing entitlement conception. If the woman who later became my wife rejected another suitor (whom she otherwise would have married) for me, partially because (I leave aside my lovable nature) of my keen intelligence and good looks, neither of which did I earn, would the rejected less intelligent and less handsome suitor have a legitimate complaint about unfairness? Would my thus impeding the other suitor's winning the hand of fair lady justify taking some resources from others to pay for cosmetic surgery for him and special intellectual training, or to pay to develop in him some sterling trait that I lack in order to equalize our chances of being chosen? (I here take for granted the impermissibility of worsening the situation of the person having better opportunities so as to equalize opportunity; in this sort of case by disfiguring him or injecting drugs or playing noises which prevent him from fully using his intelligence.⁵) *No such consequences follow*. (Against whom would the rejected suitor have a legitimate complaint? Against what?) Nor are things different if the differential opportunities arise from the accumulated effects of people's acting or transferring their entitlement as they choose. The case is even

easier for consumption goods which cannot plausibly be claimed to have any such triadic impeding effect. *Is* it unfair that a child be raised in a home with a swimming pool, using it daily even though he is no more *deserving* than another child whose home is without one? Should such a situation be prohibited? Why then should there be objection to the transfer of the swimming pool to an adult by bequest?

The major objection to speaking of everyone's having a right *to* various things such as equality of opportunity, life, and so on, and enforcing this right, is that these "rights" require a substructure of things and materials and actions; and *other* people may have rights and entitlements over these. No one has a right to something whose realization requires certain uses of things and activities that other people have rights and entitlements over.⁶ Other people's rights and entitlements to *particular things* (*that* pencil, *their* body, and so on) and how they choose to exercise these rights and entitlements fix the external environment of any given individual and the means that will be available to him. If his goal requires the use of means which others have rights over, he must enlist their voluntary cooperation. Even to *exercise* his right to determine how something he owns is to be used may require other means he must acquire a right to, for example, food to keep him alive; he must put together, with the cooperation of others, a feasible package.

There are particular rights over particular things held by particular persons, and particular rights to reach agreements with others, *if* you and they together can acquire the means to reach an agreement. (No one has to supply you with a telephone so that you may reach an agreement with another.) No rights exist in conflict with this substructure of particular rights. Since no neatly contoured right to achieve a goal will avoid incompatibility with this substructure, no such rights exist. The particular rights over things fill the space of rights, leaving no room for general rights to be in a certain material condition. The reverse theory would place only such universally held general "rights to" achieve goals or to be in a certain material condition into its substructure so as to determine all else; to my knowledge no serious attempt has been made to state this "reverse" theory.

SELF-ESTEEM AND ENVY

It is plausible to connect equality with self-esteem.⁷ The envious person, if he cannot (also) possess a thing (talent, and so on) that someone else has, prefers that the other person not have it either. The envious man prefers neither one having it, to the other's having it and his not having it.*

* With regard to you, another person, and having a kind of object or attribute, there are four possibilities:

	HE	YOU
1.	has it	have it
2.	has it	don't have it
3.	doesn't have it	have it
4.	doesn't have it	don't have it

You are *envious* (with regard to him and that kind of object or attribute; I suppress the relativization in what follows) if you prefer 4 to 2, while preferring 3 to 4. (The "while" is the "and" of conjunction.) You are *jealous* if you prefer 1 to 2, while being indifferent between 3 and 4. The root idea is that you are jealous if you want it because he has it. The condition formulated says you want it solely because he has it. A weaker condition would say that you are jealous if you want it more because he has it; that is, if you prefer 1 to 2 more than you prefer 3 to 4. Similarly we can formulate a less strong condition for envy. A strongly envious man prefers the other not have the thing if he himself doesn't. A partially envious man may be willing for the other to have the thing even though he himself cannot, but he prefers this less strongly than he prefers that the other have the thing if he himself does; that is, he prefers 2 to 4 less than he prefers 1 to 3. You are *begrudging* if you prefer 3 to 1, while preferring 3 to 4. You are *spiteful* if you prefer 4 to 1, while preferring 3 to 4. You are *competitive* if you prefer 3 to 4, while being indifferent between 1 and 4.

A competitive person is begrudging. A spiteful person is begrudging. There are envious people who are not jealous (in the sense of the weaker condition). Though it is not a theorem, it is a plausible psychological conjecture that most jealous people are envious. And surely it is a psychological law that spiteful people are envious.

Compare the similar though somewhat different distinctions that Rawls draws (*Theory of Justice*, sect. 80). Rawls' notion of envy is stronger than ours. We can formulate a close equivalent of his, by letting $i(X)$ be the i th row in the above matrix for something X ; $i(Y)$ be the i th row for something Y . You are envious in Rawls' strong sense if you prefer $4(X)$ and $4(Y)$ to $2(X)$ and $1(Y)$; that is, if you prefer that neither of you have either X or Y , rather than that he have both X and Y while you have only Y . You are willing to give up something to erase the differential. Rawls uses both "jealous" and "begrudging"

People often have claimed that envy underlies egalitarianism. And others have replied that since egalitarian principles are separately justifiable, we need attribute no disreputable psychology to the egalitarian; he desires merely that correct principles be realized. In view of the great ingenuity with which people dream up principles to rationalize their emotions, and given the great difficulty in discovering *arguments* for equality as a value in itself, this reply is, to say the least, unproven. (Nor is it proven by the fact that once people accept egalitarian principles, they might support the worsening of their own position as an application of these general principles.)

Here I prefer to focus on the *strangeness* of the emotion of envy. Why do some people *prefer* that others not have their better score on some dimension, rather than being pleased at another's being well-off or having good fortune; why don't they at least just shrug it off? One line seems especially worth pursuing: A person with a score along some dimension would rather another person with a higher score H had scored less well than H , even though this will not raise his own score, in those cases when the other person's having a higher score than himself threatens or undermines his own self-esteem and makes him feel inferior to the other in some important way. How can another's activities, or characteristics, affect one's own self-esteem? Shouldn't my self-esteem, feeling of worth, and so forth, depend only upon facts about me? If it is me that I'm evaluating in some way, how *can* facts about other persons play a role? The answer, of course, is that we evaluate how *well* we do something by comparing our performance to others, to what others can do. A man living in an isolated mountain village can sink 15 jump shots with a basketball out of 150 tries. Everyone else in the village can sink only 1 jump shot out of 150 tries. He thinks (as do the others) that he's very good at it. One day, along comes Jerry West. Or, a mathematician works *very* hard and occasionally thinks up an interesting conjecture, nicely proves a theorem, and so on. He then discovers a whole group of whizzes at mathematics. He dreams up a conjecture, and they quickly prove

for our "begrudging" and has nothing corresponding to our "jealous." Our notion of spite here is stronger than his, and he has no notion corresponding to our "competitive."

or disprove it (not in all possible cases, because of Church's theorem), constructing very elegant proofs; they themselves also think up very deep theorems, and so on.

In each of these cases, the person will conclude that he wasn't *very good* or *adept* at the thing after all. There is no standard of doing something well, independent of how it is or can be done by others. At the end of his book *Literature and Revolution*, in describing what man will be like (eventually) in a communist society, Leon Trotsky says:

Man will become immeasurably stronger, wiser, and subtler; his body will become more harmonized, his movements more rhythmic, his voice more musical. The forms of life will become dynamically dramatic. The average human type will rise to the heights of an Aristotle, a Goethe, or a Marx. And above this ridge new peaks will rise.

If this were to occur, the average person, at the level *only* of Aristotle, Goethe, or Marx, wouldn't think he was very good or adept at those activities. He would have problems of self-esteem! Someone in the circumstances of the described basketball player or mathematician might prefer that the other persons lacked their talents, or prefer that they stop continually demonstrating their worth, at least in front of him; that way his self-esteem will avoid battering and can be shored up.

This would be *one* possible explanation of why certain inequalities in income, or position of authority within an industry, or of an entrepreneur as compared to his employees, *rankle* so; *not* due to the feeling that this superior position is undeserved, but to the feeling that it *is* deserved and earned. It may injure one's self-esteem and make one feel less worthy as a person to know of someone else who has accomplished more or risen higher. Workers in a factory started only recently by someone else previously a worker will be constantly *confronted* by the following thoughts: why not me? why am I only here? Whereas one can manage to ignore much more easily the knowledge that someone else somewhere has done more, if one is not confronted daily with him. The point, though sharper then, does not depend upon another's deserving his superior ranking along some dimension. That there is someone else who is a good dancer will affect your estimate of how good you yourself are at dancing, even if you think that a large part of grace in dancing depends upon unearned natural assets.

As a framework for discussion that embodies these considerations (and *not* as a contribution to psychological theory), consider the following *simple* model. There are a number of different dimensions, dimensional attributes along which people can vary, D_1, \dots, D_n , that people hold to be valuable. People may differ as to what dimensions they think valuable, and they may differ as to the (nonzero) weights they give to the dimensions they agree in considering valuable. For each person, there will be a *factual profile* that presents his objective position along each dimension; for example, on the jump-shot dimension, we might have "able regularly to score _____ jump shots out of 100 tries from 20 feet out," and a person's score might be 20, or 34, or 67.

For simplicity, let us assume that a person's beliefs about his factual profile are reasonably accurate. Also there will be an *evaluative profile* to represent how the person evaluates his own scores on the factual profile. There will be evaluative classifications (for example, excellent, good, satisfactory, poor, awful) representing his evaluation of himself for each dimension. These individual evaluations, how he gets from the factual score to the evaluations, will depend upon his factual beliefs about the factual profiles of other similar beings (the "reference group"), the goals he was given as a child, and so on. All shape his level of aspiration, which itself will vary over time in roughly specifiable ways. Each person will make some overall estimate of himself; in the simplest case this will depend solely on his evaluative profile and his weighting of the dimensions. *How* it depends upon this may vary from individual to individual. Some may take the weighted sum of their scores over all the dimensions; others may evaluate themselves as OK if they do well on some reasonably important dimension; still others may think that if they fall down on any important dimension they stink.

In a society where people generally agree that some dimensions are very important, and there are differences in how people fall along these dimensions, and some institutions publicly group people in accordance with their place along these dimensions, then those who score low may feel inferior to those with higher scores; they may feel inferior as persons. (Thus, *poor* people might come to think they are *poor people*.) One might try to avoid such feelings of inferiority by changing the society so that either those dimensions

which served to distinguish people are downgraded in importance, or so that people do not have an opportunity publicly to exercise their capacities along these dimensions or to learn how others score on them.*

It might appear obvious that if people feel inferior because they do poorly along some dimensions, then if these dimensions are downgraded in importance or if scores along them are equalized, people no longer will feel inferior. (“*Of course!*”) The very reason they have for feeling inferior is removed. But it may well be that other dimensions would replace the ones eliminated with the same effects (on different persons). If, after downgrading or equalizing one dimension, say wealth, the society comes generally to agree that some *other* dimension is most important, for example, aesthetic appreciativeness, aesthetic attractiveness, intelligence, athletic prowess, physical grace, degree of sympathy with other persons, quality of orgasm, then the phenomenon will repeat itself.⁸

People generally judge themselves by how they fall along the most important dimensions in which they *differ* from others. People do not gain self-esteem from their common human capacities by comparing themselves to animals who lack them. (“I’m pretty good; I have an opposable thumb and can speak some language.”) Nor do people gain or maintain self-esteem by considering that they possess the right to vote for political leaders, though when the franchise was not widely distributed things may have been different. Nor do people in the United States today have a sense of worth because they are able to read and write, though in many other societies in history this has served. When everyone, or almost everyone, has some thing or attribute, it does not function as a basis for self-esteem. Self-esteem is based on *differentiating characteristics*; that’s why it’s *self*-esteem. And as sociologists of reference groups are fond of pointing out, who the *others* are changes. First-year students at prestige colleges may have a sense of individual

* If a society’s most important dimension, by common consensus, is undetectable in that it cannot directly be determined where along it a person falls, people will come to believe that a person’s score on this dimension is correlated with his score on another dimension along which they *can* determine relative positions (the halo effect). Thus, people for whom the presence of divine grace is the most important dimension will come to believe other worthy detectable facts indicate its presence; for example, worldly success.

worth based on attending those schools. This feeling is more pronounced, indeed, during their last two months of high school. But when *everyone* they associate with is in a similar position, the fact of going to these schools no longer serves as a basis for self-esteem, except perhaps when they return home during vacation (or in thought) *to those not there*.

Consider how you would set about to bolster the self-esteem of an individual who, perhaps from limited capacity, scored lower than all others on all the dimensions others considered important (and who scored better on no dimension one plausibly could argue was important or valuable). You might tell the person that though his absolute scores were low, he had done well (given his limited capacities). He had realized a greater proportion of his capacities than most and fulfilled more of his potential than others do; considering where he had started, and with what, he had accomplished a great deal. This would reintroduce comparative evaluation, by citing another important (meta)dimension along which he *does* do well as compared to others.*

These considerations make one *somewhat* skeptical of the chances of equalizing self-esteem and reducing envy by equalizing positions along that particular dimension upon which self-esteem is (happens to be) importantly based. Think of the varied attributes

* Is there any important dimension along which it is inappropriate to judge oneself comparatively? Consider the following statement by Timothy Leary: "It's my ambition to be the holiest, wisest, most beneficial man alive today. Now this may sound megalomaniac, but I don't see why. I don't see why . . . every person who lives in the world, shouldn't have that ambition. What else should you try to be? The president of the board, or the chairman of the department, or the owner of this and that?" *The Politics of Ecstasy* (New York: College Notes and Texts, Inc., 1968), p. 218. There certainly is no objection to wanting to be as holy, wise, and beneficial as possible, yet an ambition to be the holiest, wisest, and most beneficial person alive today is bizarre. Similarly, one can want to be as enlightened as possible (in the sense of Eastern traditions), but it would be bizarre to want especially to be the most enlightened person alive, or to be more enlightened than someone else. How one values one's degree of enlightenment depends only upon it, whatever others are like. This suggests that the absolutely most important things do not lend themselves to such comparative evaluation; if so, the comparative theory in the text would not hold universally. However, given the nature of the exceptions, this fact would be of limited sociological (though of great personal) interest. Also, those who do not evaluate themselves comparatively will not need equalization to take place along certain dimensions as a support for their self-esteem.

one can *envy* another's having, and one will realize the vast opportunities for differential self-esteem. Recall now Trotsky's speculation that under communism everyone would reach the level of Aristotle, Goethe, or Marx, and from his ridge new peaks would rise. Being at this ridge would no more give everyone self-esteem and a feeling of individual worth than does the ability to speak a language or the possession of hands able to grasp things. Some simple and natural assumptions might even lead to a principle of the conservation of envy. And one might worry, *if* the number of dimensions is not unlimited and if great strides are made to eliminate differences, that as the number of differentiating dimensions shrinks, envy will become more severe. For with a small number of differentiating dimensions, many people will find they don't do well on *any* of them. Though the weighted sum of a number of independently varying normal distributions itself will be normal, if each individual (who knows his score on each dimension) weights the dimensions differently from the way other persons do, the total sum of all the different individuals' differently weighted combinations need not itself be a normal distribution, even though the scores on each dimension are normally distributed. Everyone might view themselves as at the upper end of a distribution (even of a normal distribution) since each sees the distribution through the perspective of the particular weights he assigns. The fewer the dimensions, the less the opportunity for an individual successfully to use as a basis for self-esteem a nonuniform weighting strategy that gives greater weight to a dimension he scores highly in. (This suggests that envy can be reduced only by a fell-swoop elimination of all differences.)

Even if envy is more tractable than our considerations imply, it would be objectionable to intervene to reduce someone's situation in order to lessen the envy and unhappiness others feel in knowing of his situation. Such a policy is comparable to one that forbids some act (for example, racially mixed couples walking holding hands) because the mere knowledge that it is being done makes others unhappy (see Chapter 10). The *same kind* of externality is involved. The most promising ways for a society to avoid widespread differences in self-esteem would be to have no common weighting of dimensions; instead it would have a diversity of different lists of dimensions and of weightings. This would enhance

each person's chance of finding dimensions that *some* others also think important, along which he does reasonably well, and so to make a nonidiosyncratic favorable estimate of himself. Such a fragmentation of a common social weighting is not to be achieved by some centralized effort to remove certain dimensions as important. The more central and widely supported the effort, the more contributions to *it* will come to the fore as the commonly agreed upon dimension on which will be based people's self-esteem.

MEANINGFUL WORK

Often it is claimed that being subordinate in a work scheme adversely affects self-esteem in accordance with a social-psychological law or fundamental generalization such as the following: A long period of being frequently ordered about and under the authority of others, unselected by you, lowers your self-esteem and makes you feel inferior; whereas this is avoided if you play some role in democratically selecting these authorities and in a constant process of advising them, voting on their decisions, and so on.

But members of a symphony orchestra constantly are ordered about by their conductor (often capriciously and arbitrarily and with temper flareups) and are not consulted about the overall interpretation of their works. Yet they retain high self-esteem and do not feel that they are inferior beings. Draftees in armies are constantly ordered about, told how to dress, what to keep in their lockers, and so on, yet they do not come to feel they are inferior beings. Socialist organizers in factories received the same orders and were subject to the same authority as others, yet they did not lose their self-esteem. Persons on the way up organizational ladders spend much time taking orders without coming to feel inferior. In view of the many exceptions to the generalization that "order following in a subordinate position produces low self-esteem" we must consider the possibility that subordinates with low self-esteem begin that way or are forced by their position to face the facts of their existence and to consider upon what their estimate of their own worth and value as a unique person is based, with no easy answers forthcoming. They will be especially hard

pressed for an answer if they believe that others who give them orders have a right to do so that can be based only upon some *personal* superiority. On an entitlement theory, of course, this need not be so. People may be entitled to decide about certain resources, the terms on which others may use them, and so on, through no sterling qualities of their own; such entitlements may have been transferred to them. Perhaps readers concerned about differential self-esteem will help to make the entitlement theory better known, and thereby undercut one ground for lesser self-esteem. This will not, of course, remove all such grounds. Sometimes a person's entitlements clearly *will* stem from his own attributes and previous activities, and in these cases comparisons will be unpleasant to face.

The issue of meaningful and satisfying work is often merged with discussions of self-esteem. Meaningful and satisfying work is said to include: (1) an opportunity to exercise one's talents and capacities, to face challenges and situations that require independent initiative and self-direction (and which therefore is not boring and repetitive work); (2) in an activity thought to be of worth by the individual involved; (3) in which he understands the role his activity plays in the achievement of some overall goal; and (4) such that sometimes, in deciding upon his activity, he has to take into account something about the larger process in which he acts. Such an individual, it is said, can take pride in what he's doing and in doing it well; he can feel that he is a person of worth, making a contribution of value. Further, it is said that apart from the intrinsic desirability of such kinds of work and productivity, performing other sorts of work deadens individuals and leads them to be less fulfilled persons in *all* areas of their lives.

Normative sociology, the study of what the causes of problems *ought to be*, greatly fascinates all of us. If X is bad, and Y which also is bad can be tied to X via a plausible story, it is very hard to resist the conclusion that one causes the other. We *want* one bad thing to be caused by another. If people *ought* to do meaningful work, if that's what we want people to be like,⁹ and if via some story we can tie the absence of such work (which is bad) to another bad thing (lack of initiative generally, passive leisure activities, and so on), then we happily *leap* to the conclusion that the second evil is *caused by* the first. These other bad things, of course, may

exist *for other reasons*; and indeed, given selective entry into certain sorts of jobs, the correlation may be due to the fact that those predisposed to show low independent activity are just those who are most willing to take and remain with certain jobs involving little opportunity for independent flowering.

It often has been noted that fragmentation of tasks, rote activity, and detailed specification of activity which leaves little room for the exercise of independent initiative are not problems special to capitalist modes of production; it seems to go with industrial society. How does and could capitalism respond to workers' desires for meaningful work? If the productivity of the workers in a factory *rises* when the work tasks are segmented so as to be more meaningful, then individual owners pursuing profits so will reorganize the productive process. If the productivity of workers *remains the same* under such meaningful division of labor, then in the process of competing for laborers firms will alter their internal work organization.

So the only interesting case to consider is that in which dividing a firm's work tasks into meaningful segments, rotation of labor, and so forth, is *less efficient (as judged by market criteria)*, than the less meaningful division of labor. This lessened efficiency can be borne in three ways (or in combinations of them). First, the workers in the factories themselves might desire meaningful work. It has all of the virtues its theorists ascribe to it, the workers realize this, and they are willing to give up something (some wages) in order to work at meaningfully segmented jobs. They work for lower wages, but they view their total work package (lower wages plus the satisfactions of meaningful work) as more desirable than less meaningful work at higher wages. They make a trade-off of some wages for some increase in the meaningfulness of their work, increased self-esteem, and so forth. Many persons do very similar things: They do not choose their occupations solely by the discounted value of expected future monetary earnings. They consider social relationships, opportunities for individual development, interestingness, job security, the fatiguing quality of the work, the amount of free time, and so on. (Many college teachers could earn more money working in industry. Secretaries in universities forgo the higher pay of industry for a less stressful and, in their view, more interesting environment. Many other examples could be

cited.) Not everyone wants the same things, or wants them as strongly. They choose among their employment activities on the basis of the overall package of benefits it gives them. Similarly, workers to whom a different organization of work mattered might choose to forgo some wages in order to get it; and no doubt those to whom it *most* matters actually do so in choosing among the jobs available to them. The rhythm of a farmer's life differs from that of assembly-line workers (who total less than 5 percent of U.S. manual workers), whose income and life differ from that of a store clerk, and so on.

But suppose that a more meaningful job isn't worth that much to a worker; he will not take lower wages in order to get it. (*When* in his life isn't it worth this? If at the beginning, then his scale of values is not *itself* the product of doing nonmeaningful work, and we should be wary of attributing his later character to his work experiences.)

Mightn't someone *else* bear the monetary costs of the lessened efficiency? They might do so because they believe the cause is important, even though not important enough to the individual worker himself so that *he* will choose to bear the *monetary* costs. So, secondly, perhaps individual consumers will bear the costs by *paying more* for what they buy. A group of us may band together into a buyers cooperative and buy only from factories whose work tasks are segmented meaningfully; or individually we may decide to do this. How much we do so will depend on how much the support of such activities is worth to *us* as compared to buying more of other goods, or to buying the items less expensively from factories whose work tasks are not segmented meaningfully and using the saved money to support other worthy causes—for example, medical research or aid to struggling artists or to war victims in other countries.

But what if it's not worth enough either to individual workers or to individual consumers (including the members of social democratic movements)? What alternative remains? The third possibility is that workers might be forbidden to work in factories whose work tasks are not meaningfully segmented, or consumers might be forbidden to purchase the products of such factories. (Each prohibition would enact the other, *de facto*, in the absence of illegal markets.) Or the money to float the meaningfully seg-

mented enterprise might be taken out of entrepreneurial profits. The last raises a large subject which I must leave for another occasion. But notice that there still would be the problem of how work tasks are to be organized even if there were no private owners and all firms were owned by their workers. In organizing its production, some firms would decide to divide jointly the increased monetary profits. Other firms either would have to do likewise, or would have to set lower yearly income per worker, or would have to persuade some consumers to pay higher prices for their products. Perhaps a socialist government, in such a setup, *would* forbid nonmeaningful work; but apart from the question of how it would phrase the legislation, on what grounds could it *impose* its views on all those workers who would choose to achieve other ends?

WORKERS' CONTROL

Firms in a capitalist system might provide meaningful jobs to those who wanted them enough. Could it similarly supply internally democratic authority structures? To some extent, certainly. But if the demand for democratic decisionmaking extends to powers like ownership, then it cannot. Of course, as an alternative, persons may form their own democratically-run *cooperative* firms. It is open to any wealthy radical or group of workers to buy an existing factory or establish a new one, and to institute their favorite microindustrial scheme; for example, worker-controlled, democratically-run firms. The factory then could sell its products directly into the market. Here we have possibilities similar to those we canvassed earlier. It may be that the internal procedures in such a factory will not lessen efficiency as judged by market criteria. For even though fewer hours are spent at work (some hours go into the activities of the process of democratic decisionmaking), in those hours the workers may work so efficiently and industriously for their own factory on projects they had a voice in shaping that they are superior, by market standards, to their more orthodox competitors (cf. the views of Louis Blanc). In which case there should be little difficulty in establishing financially success-

ful factories of this sort. I here ignore familiar difficulties about how a system of such workers' control is to operate. If decisions are made by the vote of workers in the factory, this will lead to underinvestment in projects whose returns will come much later when many of the presently voting workers won't benefit enough to outweigh withholding money from current distribution, either because they no longer work there and get nothing or because they then will have only a few years left. This underinvestment (and consequent worsening of the position of future workers) can be avoided if each worker *owns* a share in the factory which he can sell or bequeath, for then future expectations of earnings will raise the current value of his ownership share. (But then. . . .) If each new worker acquires a right to an equal percentage of the annual net profit (or an equal ownership share), this will affect the group's decisions to bring in new workers. Current workers, and therefore the factory, will have a strong incentive to choose to maximize *average* profits (profits per worker) rather than *total* profits, thereby employing fewer persons than a factory that employed everyone who profitably could be employed.* How will extra capital for expansion be acquired? Will there be differences of income within factories? (How will the differences be determined?) And so on. Since a system of syndicalist factories would involve great inequalities of income among workers in different factories (with different amounts of capital per worker and different profitability), it is difficult to see why people who favor certain egalitarian end-state patterns think this a suitable realization of their vision.

If the worker-controlled factory so organized will be less efficient by market criteria, so that it will not be able to sell articles as inexpensively as a factory geared mainly to inexpensive production with other values playing a secondary role or being absent altogether, this difficulty, as before, is handled easily in one of two ways (or a combination of them). First, the worker-controlled factory can pay each worker less; that is, through whatever joint decisionmaking apparatus they use, they can pay themselves less than those employed in the more orthodox factories receive, thus

* Since workers acting in their own individual interests will thwart the efficient operation of worker-controlled factories, perhaps broadly based revolutionary movements should try to staff such factories with their "unselfish" members.

enabling their factory to market its products at competitive prices. If however the workers refuse to work in the worker-controlled factories for lower payment than they could otherwise earn, that is, if the nonmonetary benefits of such employment are less important to them than what the extra money earned elsewhere would enable them to do, then the worker-controlled factory can try the second alternative of paying its workers competitive wages and charging higher prices for its products. It would ask the purchasers of the products to pay more than they would if they bought the products from a more orthodox competitor, telling the purchasers that in so doing they would thereby be supporting a worker-controlled factory, and thus doing their part for social justice. Again, presumably some consumers will be willing to incur the additional expense, while others will find making their charitable contribution to the worker-controlled factory less preferable than buying less expensively and using the money saved for other purposes, including alternative charitable contributions. If there are not a sufficient number of persons to support the factory, then (barring large private subsidies unrelated to the factory, then (barring large private subsidies unrelated to consumption) it will fail. It will succeed if there are a sufficient number of workers and/or consumers who are willing to some extent to use nonmonetary criteria and support the enterprise. The important point is that there is a means of realizing the worker-control scheme that can be brought about by the voluntary actions of people in a free society.*

One might think that in a society containing mostly private firms, worker-controlled factories couldn't get started even though they were efficient. But if they were believed to be efficient, they could get some sort of support in a market economy. For such firms or communes or whatever experiment you wish, once flourishing (in considerable numbers), could repay any original investment in their success, even if they disliked the principle of private investment. And don't say that it's against the class interests of investors to support the growth of some enterprise that if successful would end or diminish the investment system. Investors

* Again, there is the other method if these fail: forcing people (workers and consumers) to cooperate in a worker-control scheme and to forgo the extra goods or wages otherwise available to them.

are not so altruistic. They act in their personal and not their class interests. On the other hand, how sufficient resources could be gathered in a state system to begin a private enterprise, supposing there were people willing to be laborers and consumers, is a more troublesome question.

Even if it is more difficult to obtain external investment than the previous paragraph makes out, union treasuries now contain sufficient funds to capitalize many such worker-controlled firms which can repay the money with interest, as many private owners do with bank loans, and even with loans from labor unions. Why is it that some unions or groups of workers don't start *their own* business? What an *easy* way to give workers access to the means of production: buy machinery and rent space, and so forth, just as a private entrepreneur does. It is illuminating to consider why unions don't start new businesses, and why workers don't pool their resources to do so.

MARXIAN EXPLOITATION

This question is of importance for what remains of Marxist economic theory. With the crumbling of the labor theory of value, the underpinning of its particular theory of exploitation dissolves. And the charm and simplicity of this theory's *definition* of exploitation is lost when it is realized that according to the definition there will be exploitation in *any* society in which investment takes place for a greater future product (perhaps because of population growth); and in *any* society in which those unable to work, or to work productively, are *subsidized* by the labor of others. But at bottom, Marxist theory explains the phenomenon of exploitation by reference to the workers not having access to the means of production. The workers have to sell their labor (labor power) to the capitalists, for they must use the means of production to produce, and cannot produce alone. A worker, or groups of them, cannot hire means of production and wait to sell the product some months later; they lack the cash reserves to obtain access to machinery or to wait until later when revenue will be received from

the future sale of the product now being worked on. For workers must eat in the meantime.* Hence (the story goes) the worker is forced to deal with the capitalist. (And the reserve army of unemployed labor makes unnecessary the capitalists' competing for workers and bidding up the price of labor.)

Note that once the rest of the theory, properly, is dropped, and it is this crucial fact of nonaccess to the means of production that underlies exploitation, it *follows* that in a society in which the workers are *not* forced to deal with the capitalist, exploitation of laborers will be absent. (We pass over the question of whether workers are forced to deal with some other, less decentralized group.) So, if there is a sector of publicly owned and controlled (what you will) means of production that is expandable so that all who wish to may work in it, then this is sufficient to eliminate the exploitation of laborers. And in particular, if in addition to this public sector there is a sector of privately owned means of production that employs wage laborers who *choose* to work in this sector, then these workers are *not* being exploited. (Perhaps they choose to work there, despite attempts to convince them to do otherwise, because they get higher wages or returns in this sector.) For they are not forced to deal with the private owners of means of production.

Let us linger for a moment upon this case. Suppose that the private sector were to expand, and the public sector became weaker and weaker. More and more workers, let us suppose, choose to work in the private sector. Wages in the private sector are greater than in the public sector, and are rising continually. Now imagine that after a period of time this weak public sector becomes completely insignificant; perhaps it disappears altogether. Will there be any concomitant change in the private sector? (Since the public sector was already small, by hypothesis, the new workers who come to the private sector will not affect wages much.) The theory of exploitation seems committed to saying that there would be some important change; which statement is *very* implau-

* Where did the means of production come from? Who earlier forwent current consumption then in order to gain or produce them? Who now forgoes current consumption in paying wages and factor prices and thus gets returns only after the finished product is sold? Whose entrepreneurial alertness operated throughout?

sible. (There's no good theoretical argument for it.) If there would not be a change in the level or the upward movement of wages in the private sector, are workers in the private sector, heretofore unexploited, now being exploited? Though they don't even know that the public sector is gone, having paid scant attention to it, are they now *forced* to work in the private sector and to go to the private capitalist for work, and hence are they *ipso facto exploited*? So the theory would seem to be committed to maintaining.

Whatever may have been the truth of the nonaccess view at one time, *in our society* large sections of the working force now have cash reserves in personal property, and there are also large cash reserves in union pension funds. These workers can wait, and they *can* invest. This raises the question of why this money isn't used to establish worker-controlled factories. Why haven't radicals and social democrats urged this?

The workers may lack the entrepreneurial ability to identify promising opportunities for profitable activity, and to organize firms to respond to these opportunities. In this case, the workers can try to *hire* entrepreneurs and managers to start a firm for them and then turn the authority functions over to the workers (who are the owners) after one year. (Though, as Kirzner emphasizes, entrepreneurial alertness would also be needed in deciding whom to hire.) Different groups of workers would compete for entrepreneurial talent, bidding up the price of such services, while entrepreneurs with capital attempted to hire workers under traditional ownership arrangements. Let us ignore the question of what the equilibrium in this market would look like to ask why groups of workers aren't doing this now.

It's *risky* starting a new firm. One can't identify easily new entrepreneurial talent, and much depends on estimates of future demand and of availability of resources, on unforeseen obstacles, on chance, and so forth. Specialized investment institutions and sources of venture capital develop to run just these risks. Some persons don't want to run these risks of investing or backing new ventures, or starting ventures themselves. Capitalist society allows the separation of the bearing of these risks from other activities. The workers in the Edsel branch of the Ford Motor Company did not bear the risks of the venture, and when it lost money they did not pay back a portion of their salary. In a socialist society, either

one *must* share in the risks of the enterprise one works in, or everybody shares in the risks of the investment decisions of the central investment managers. There is no way to *divest* oneself of these risks or to choose to carry some such risks but not others (acquiring specialized knowledge in some areas), as one can do in a capitalist society.

Often people who do not wish to bear risks feel entitled to rewards from those who do and win; yet these same people do not feel obligated to help out by sharing the losses of those who bear risks and lose. For example, croupiers at gambling casinos expect to be well-tipped by big winners, but they do not expect to be asked to help bear some of the losses of the losers. The case for such asymmetrical sharing is even weaker for businesses where success is not a random matter. Why do some feel they may stand back to see whose ventures turn out well (by *hindsight* determine who has survived the risks and run profitably) and then claim a share of the success; though they do not feel they must bear the losses if things turn out poorly, or feel that if they wish to share in the profits or the control of the enterprise, they should invest and run the risks also?

To compare how Marxist theory treats such risks, we must take a brief excursion through the theory. Marx's theory is one form of the productive resources theory of value. Such a theory holds that the value V of a thing X equals the sum total of society's productive resources embodied in X . Put in a more useful form, the ratio of the value of two things $V(X)/V(Y)$ is equal to the ratio of the amount of productive resources embodied in them, M (resources in X)/ M (resources in Y), where M is a measure of the amount. Such a theory requires a measure M whose values are determined independently of the V ratios to be explained. If we conjoin to the productive resources theory of value, the labor theory of productive resources, which holds that labor is the only productive resource, we obtain the labor theory of value. Many of the objections which have been directed toward the labor theory of value apply to any productive resources theory.

An alternative to the productive resources theory of value might say that the *value* of productive resources is determined by the value of the final products that arise from them (can be made from them), where the value of the final product is determined in some

way *other* than by the value of the resources used in it. If one machine can be used to make X (and nothing else) and another can be used to make Y , and each uses the same raw materials in the same amounts to make a unit of its product, and X is more valuable than Y , then the first machine is more valuable than the second, even if each machine contains the same raw materials and took the same amount of time to make. The first machine, having a more valuable final product, will command a higher price than the second. This may give rise to the illusion that its products are more valuable because *it* is more valuable. But this gets things backwards. It is more valuable because its products are.

But the productive resources theory of value doesn't talk about the value of the productive resources, only about their amounts. If there were only one factor of production, and it were homogeneous, the productive resources theory at least could be non-circularly stated. But with more than one factor, *or one factor of different kinds*, there is a problem in setting up the measure M to get the theory stated in a noncircular way. For it must be determined how much of one productive factor is to count as equivalent to a given amount of another. *One* procedure would be to set up the measure by reference to the *values* of the final products, solving the ratio equations. But this procedure would define the measure on the basis of information about final values, and so could not be used to *explain* final values on the basis of information about the amounts of inputs.* An *alternative* procedure would be to find some *common* thing that can be produced by X , and Y , in different quantities, and to use the ratio of the *quantities* of final product to determine the *quantities* of input. This avoids the circularity of looking at final *values* first; one begins by looking at final *quantities* of something, and then uses this information to determine quantities of input (to define the measure M). But even if there is a common product, it may not be what the different factors are best suited for making; and so using it to compare them may give a misleading ratio. One has to compare the different factors at their

* However if given the values of *some* final products (with great latitude about which ones would serve) the ratio equations could be used to specify the measure M and that could be used to yield the values for the other final products, then the theory would have some content.

individual best functions. Also, if two different *things* can be made by each resource, and the ratios of the amounts *differ*, there is the problem of which ratio is to be picked to provide the constant of proportionality between the resources.

We can illustrate these difficulties by considering Paul Sweezy's exposition of the concept of simple, undifferentiated labor time.¹⁰ Sweezy considers how skilled labor and unskilled labor are to be equated and agrees that it would be *circular* to do so on the basis of the value of the final product, since that's what's to be explained. Sweezy then says that skill depends on two things: training and natural differences. Sweezy equates training with the number of *hours* spent in training, without looking to the skill of the teacher, even as crudely measured by how many hours the teacher spent in training (and how many hours *his* teacher did?). Sweezy suggests getting at natural differences by having two persons make the same thing, and seeing how the quantities differ, thus finding the ratio to equate them. But if skilled labor of some sort is not best viewed as a faster way of producing the same product that unskilled labor produces, but rather as a way of producing a *better* product, then this method of defining the measure *M* won't work. (In comparing Rembrandt's skill with mine, the crucial fact is not that he paints pictures *faster* than I do.) It would be tedious to rehearse the standard counterexamples to the labor theory of value: found natural objects (valued above the labor necessary to get them); rare goods (letters from Napoleon) that cannot be reproduced in unlimited quantities; differences in value between identical objects at different places; differences skilled labor makes; changes caused by fluctuations in supply and demand; aged objects whose producing requires much time to pass (old wines), and so on.¹¹

The issues thus far mentioned concern the nature of simple undifferentiated labor time, which is to provide the *unit* against which all else is to be measured. We now must introduce an additional complication. For Marxist theory does *not* hold that the value of an object is proportional to the number of simple undifferentiated labor hours that went into its production; rather, the theory holds that the value of an object is proportional to the number of simple undifferentiated *socially necessary* labor hours that

went into its production.* Why the additional requirement that the labor hours be socially necessary? Let us proceed slowly.

The requirement that an object have utility is a necessary component of the labor theory of value, if it is to avoid certain objections. Suppose a person works on something absolutely useless that no one wants. For example, he spends hours efficiently making a big knot; no one else can do it more quickly. Will this object be that many hours valuable? A theory should not have this consequence. Marx avoids it as follows: "Nothing can have value without being an object of utility. If a thing is useless so is the labor contained in it; the labor does not count as labor, and therefore creates no value."¹² Isn't this an *ad hoc* restriction? Given the rest of the theory, who does it apply? Why doesn't *all* efficiently done labor create value? If one has to bring in the fact that it's of use to people and *actually wanted* (suppose it were of use, but no one wanted it), then perhaps by looking only at wants, *which have to be brought in anyway*, one can get a *complete* theory of value.

Even with the *ad hoc* constraint that the object must be of *some* use, there remain problems. For, suppose someone works for 563 hours on something of some very *slight* utility (and there is no way to make it more efficiently). This satisfies the necessary condition for value that the object have *some* utility. Is its value now determined by the *amount* of labor, yielding the consequence that it is incredibly valuable? No. "For the labor spent on them (commodities) counts effectively only insofar as it is spent in a form that is useful to others."¹³ Marx goes on to say: "Whether that labor is

* "The labour time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity of labor prevalent at the time in a given society." Karl Marx, *Capital*, vol. 1 (New York: Modern Library, n.d.), p. 46. Note that we also want to explain why normal conditions of production are as they are, and why a particular skill and intensity of labor is used on *that* particular product. For it is not the average degree of skill prevalent in a society that is relevant. Most persons may be more skilled at making the product yet might have something even more important to do, leaving only those of less than average skill at work on it. What is relevant would have to be the skill of those who actually *work at making* the product. One wants a theory also to explain what determines which persons of varying skills work at making a particular product. I mention these questions, of course, because they *can* be answered by an alternative theory.

useful for others, and its product consequently capable of satisfying the wants of others, can be proved only by the act of exchange." If we interpret Marx as saying, *not* that utility is a necessary condition and that (once satisfied) the amount of labor determines value, but rather that the *degree* of utility will determine how much (useful) labor has been expended on the object, then we have a theory very different from a labor theory of value.

We can approach this issue from another direction. Suppose that useful things are produced as efficiently as they can be, but that too many of them are produced to sell at a certain price. The price that clears the market is lower than the apparent labor values of the objects; a greater number of efficient hours went into producing them than people are willing to pay for (at a certain price per hour). Does this show that the number of average hours devoted to making an object of significant utility doesn't determine its value? Marx's reply is that if there is such overproduction so that the market doesn't clear at a particular price, then the labor was inefficiently used (less of the thing should have been made), even though the labor itself wasn't inefficient. Hence not all of those labor hours constituted socially necessary labor time. The object does not have a value less than the number of socially necessary labor hours expended upon it, for there were fewer socially necessary labor hours expended upon it than meet the eye.

Suppose that every piece of linen in the market contains no more labor-time than is socially necessary. In spite of this, all the pieces taken as a whole may have had superfluous labor-time spent upon them. If the market cannot stomach the whole quantity at the normal price of 2 shillings a yard, this proves that too great a portion of the total labor of the community has been expended in the form of weaving. The effect is the same as if each weaver had expended more labor-time upon his particular product than is socially necessary.¹⁴

Thus Marx holds that this labor isn't all socially necessary. *What* is socially necessary, and how much of it is, will be determined by what happens on the market!!¹⁵ There is no longer any labor theory of value; the central notion of socially necessary labor time is *itself defined* in terms of the processes and exchange ratios of a competitive market!¹⁶

We have returned to our earlier topic, the risks of investment and production, which we see transforms the labor theory of value

into one defined in terms of the results of competitive markets. Consider now a system of payment in accordance with simple, undifferentiated, socially necessary labor hours worked. Under this system, the risks associated with a process of production are borne by each worker participating in the process. However many hours he works at whatever degree of efficiency, he will not know how many socially necessary labor hours he has worked until it is seen how many people are willing to buy the products at what price. A system of payment in accordance with the number of socially necessary labor hours worked therefore would pay some hard-working laborers almost not at all (those who worked for hula hoop manufacturers after the fad had passed, or those who worked in the Edsel plant of the Ford Motor Company), and would pay others very little. (Given the great and nonaccidental incompetence of the investment and production decisions in a socialist society, it would be very surprising if the rulers of such a society dared to pay workers explicitly in accordance with the number of "socially necessary" labor hours they work!) Such a system would compel each individual to attempt to predict the future market for the product he works on; this would be quite inefficient and would induce those who are dubious about the future success of a product to forgo a job they can do well, even though others are confident enough of its success to risk much on it. Clearly there are advantages to a system which allows persons to shift risks they themselves do not wish to bear, and allows them to be paid a fixed amount, whatever the outcome of the risky processes.* There are great advantages to allowing opportunities for such specialization in risk-bearing; these opportunities lead to the typical gamut of capitalist institutions.

Marx attempts to answer the following Kantian-type question:

* Such risks could not be insured against for every project. There will be different estimates of these risks; and once having insured against them there will be less incentive to act fully to bring about the favorable alternative. So an insurer would have to watch over or monitor one's activities to avoid what is termed the "moral hazard." See Kenneth Arrow, *Essays in the Theory of Risk-Bearing* (Chicago: Markham, 1971). Alchian and Demsetz, *American Economic Review* (1972), pp. 777-795, discuss monitoring activities; they arrive at the subject through considering problems about estimating marginal product in joint activities through monitoring *input*, rather than through considerations about risk and insurance.

how are profits possible? ¹⁷ How can there be profits if everything gets its full value, if no *cheating* goes on? The answer for Marx lies in the unique character of labor power; *its* value is the cost of producing it (the labor that goes into it), yet it itself is capable of producing more value than it has. (This is true of machines as well.) Putting a certain amount of labor *L* into making a human organism produces something capable of expending an amount of labor *greater* than *L*. Because individuals lack the resources to wait for the return from the sale of the products of their labor (see above), they cannot gather these benefits of their own capacities and are forced to deal with the capitalists. In view of the difficulties with Marxist economic theory, one would expect Marxists to study carefully alternative theories of the existence of profit, including those formulated by "bourgeois" economists. Though I have concentrated here on issues about risk and uncertainty, I should also mention innovation (Schumpeter) and, very importantly, the alertness to and search for new opportunities for arbitrage (broadly conceived) which others have not yet noticed. ¹⁸ An alternative explanatory theory, if adequate, presumably would remove much of the scientific motivation underlying Marxist economic theory; one might be left with the view that Marxian exploitation is the exploitation of people's lack of understanding of economics.

VOLUNTARY EXCHANGE

Some readers will object to my speaking frequently of voluntary exchanges on the grounds that some actions (for example, workers accepting a wage position) are not really voluntary because one party faces severely limited options, with all the others being much worse than the one he chooses. Whether a person's actions are voluntary depends on what it is that limits his alternatives. If facts of nature do so, the actions are voluntary. (I may voluntarily walk to someplace I would prefer to fly to unaided.) Other people's actions place limits on one's available opportunities. Whether this makes one's resulting action non-voluntary depends upon whether these others had the right to act as they did.

Consider the following example. Suppose there are twenty-six women and twenty-six men each wanting to be married. For each sex, all of that sex agree on the same ranking of the twenty-six members of the opposite sex in terms of desirability as marriage partners: call them A to Z and A' to Z' respectively in decreasing preferential order. A and A' voluntarily choose to get married, each preferring the other to any other partner. B would most prefer to marry A' , and B' would most prefer to marry A , but by their choices A and A' have removed these options. When B and B' marry, their choices are not made nonvoluntary merely by the fact that there is something else they each would rather do. This other most preferred option requires the cooperation of others who have chosen, as is their right, not to cooperate. B and B' chose among fewer options than did A and A' . This contraction of the range of options continues down the line until we come to Z and Z' , who each face a choice between marrying the other or remaining unmarried. Each prefers any one of the twenty-five other partners who by their choices have removed themselves from consideration by Z and Z' . Z and Z' voluntarily choose to marry each other. The fact that their only other alternative is (in their view) much worse, and the fact that others chose to exercise their rights in certain ways, thereby shaping the external environment of options in which Z and Z' choose, does not mean they did not marry voluntarily.

Similar considerations apply to market exchanges between workers and owners of capital. Z is faced with working or starving; the choices and actions of all other persons do not add up to providing Z with some other option. (He may have various options about what job to take.) Does Z choose to work voluntarily? (Does someone on a desert island who must work to survive?) Z does choose voluntarily if the other individuals A through Y each acted voluntarily and within their rights. We then have to ask the question about the others. We ask it up the line until we reach A , or A and B , who chose to act in certain ways thereby shaping the external choice environment in which C chooses. We move back down the line with A through C 's voluntary choice affecting D 's choice environment, and A through D 's choices affecting E 's choice environment, and so on back down to Z . A person's choice among differing degrees of unpalatable alternatives is not rendered

nonvoluntary by the fact that others voluntarily chose and acted within their rights in a way that did not provide him with a more palatable alternative.

We should note an interesting feature of the structure of rights to engage in relationships with others, including voluntary exchanges.* The right to engage in a certain relationship is not a right to engage in it with anyone, or even with anyone who wants to or would choose to, but rather it is a right to do it with anyone who has the right to engage in it (with someone who has the right to engage in it . . .). Rights to engage in relationships or transactions have hooks on them, which must attach to the corresponding hook of another's right that comes out to meet theirs. My right of free speech is not violated by a prisoner's being kept in solitary confinement so that he cannot hear me, and my right to hear information is not violated if this prisoner is prevented from communicating with me. The rights of members of the press are not violated if Edward Everett Hale's "man without a country" is not permitted to read some of their writings, nor are the rights of readers violated if Josef Goebbels is executed and thereby prevented from providing them with additional reading material. In each case, the right is a right to a relationship with someone else who *also* has the right to be the other party in such a relationship. Adults normally will have the right to such a relationship with any other consenting adult who has this right, but the right *may* be forfeited in punishment for wrongful acts. This complication of hooks on rights will *not* be relevant to any cases we discuss. But it does have implications; for example it complicates an immediate condemnation of the disruption of speakers in a *public* place, solely on the grounds that this disruption violates the rights of other people to *hear* whatever opinions they choose to listen to. If rights to engage in relationships go out only half-way, these others do have a right to hear whatever opinions they please, but only from persons who have a right to communicate them. Hearers' rights are not violated *if* the speaker has no hook to reach out to join up with theirs. (The speaker can lack a hooked right only because of something he has done, not because of the *content* of what he is

* Since I am unsure of this point, I put this paragraph forward very tentatively, as an interesting conjecture.

about to say.) My reflections here are not intended to justify disruption, merely to warn against the too simple grounds for condemnation which I myself have been prone to use.

PHILANTHROPY

I have pointed out how individuals might choose to help support types of activities or institutions or situations they favor; for example, worker-controlled factories, opportunity for others, reduction of poverty, meaningful work situations. But will even those people who favor these causes choose to make such charitable contributions to others, even when their tax burdens are lifted? Don't they want the *elimination* or *abolition* of poverty, of meaningless work, and isn't their contribution only a drop in that bucket? And won't they feel like suckers if they give while others do not? Mightn't it be that they *all* favor compulsory redistribution even though they would not make private charitable gifts were there no compulsion upon all?

Let us suppose a situation in which there is universally favored compulsory redistribution, with transfers being made from rich individuals to poor individuals. But let us suppose that the government, perhaps in order to save the costs of transferal, operates the compulsory system by having each rich individual each month send his amount by money order to the post office box of a recipient whose identity he does not know and who does not know his.¹⁹ The total transfer is the total of these individual transfers. And by hypothesis, each individual who pays supports the compulsory system.

Now let us suppose that the compulsion is removed. Will the individuals continue to make their transfers voluntarily? Previously a contribution helped a specific individual. It will continue to help that individual, whether or not others continue their contribution. Why should someone no longer want to do it? There are two types of reasons worth considering: first, his contribution has less effect on the problem than under the compulsory scheme; second, his making a contribution involves his making more of a sacrifice than under the compulsory scheme. What his payment under

the compulsory scheme accomplishes is worth to him this payment. He no longer contributes in a voluntary scheme either because that contribution buys him less or because it costs him more.

Why might his contribution have less of an effect in the absence of some or all of the other contributions? Why might it buy him less? First, the person may desire the abolition and eradication of poverty (meaningless work, people in subordinate positions, and so on) in a way that gives this a value above and beyond the elimination of each individual's poverty.²⁰ The realization of the ideal of *no* poverty, and so forth, has independent value for him.* (Given social inefficiency, it never will happen that strictly none remains.) But since he will continue to contribute so long as the others do (and will view his own contribution as very important, given that the others contribute), this cannot be the motivation that leads any person to stop contributing. Some reminder may be needed, perhaps, of why one wants to eliminate various evils, which reasons will focus upon why particular evils are undesirable, apart from whether or not they are duplicated elsewhere. The reduction of an evil from two instances to one is as important as its reduction from one to zero. One mark of an ideologue is to deny this. Those prone to work for compulsory giving because they are surrounded by such ideologues, would better spend their time trying to bring their fellow citizens' abstractions down to earth. Or, at least, they should favor a compulsory system that includes within its net *only* such ideologues (who favor the compulsory system).

A second and more respectable reason why his voluntary contribution would buy him less, and thus be a reason for someone to stop his contributions under a voluntary system while favoring a compulsory one, would be the belief that the phenomenon to be eliminated contains internal aggravating interactions. Only if all components are simultaneously treated will a treatment of a given component have a certain result. Such a treatment both aids a given component and reduces its aggravation of the condition of

* Sometimes indeed, one encounters individuals for whom the *universal* eradication of something has very great value while its eradication in some particular cases has almost no value at all; individuals who care about people in the abstract while, apparently, not having such care about any particular people.

other components; but this reduction in the external aggravation on each other individual may be negligible by itself or may be below a certain threshold. In such a situation, your giving $\$n$ to one individual while many others each give $\$n$ to each or most of the other individuals interacting with the recipient of your contribution may produce a significant effect on your recipient, worth to you your giving up the $\$n$; whereas your being alone in giving $\$n$ to your recipient will not produce as great an effect on him. Since the actual effect produced may not be worth $\$n$ to you, you will not contribute voluntarily. But again, this is not a reason why those giving would stop; however, it is a reason why those giving would stop if the others stop, and hence it would be a reason why it might be difficult to start up such general giving. People who work to institute a compulsory scheme could devote their energies to establishing a coordinated start-up. This task is made easier by the fact that people want not only that some evil be reduced or eliminated; they also want to help in this and to be a part of what produces the alleviation of the problem. This desire diminishes the "free rider" problem.

Let us now turn to why the person's contribution (of the same amount of money as under the compulsory scheme) might "cost" him more. He might feel that only "suckers" or "saps" make special sacrifices when others are "getting away" with not making any; or he might be upset by the worsening of his position relative to those who don't contribute; or this worsening of relative position might put him in a worse competitive position (relative to these others) to gain something he wants. Each person in a group might feel this about himself and the others, and so each one in the group might prefer a system under which everyone is compelled to contribute over a voluntary system.* (These feelings might hold along with the two other reasons previously listed.)

* Though everyone might favor some compulsory scheme over a voluntary one, there need be no one compulsory scheme that each person favors most, or even one that each person favors over the voluntary one. Funds can be raised by a proportional tax, or by any number of different progressive taxes. So it is not clear how unanimous agreement to one particular scheme is supposed to arise. (I take this point from "Coercion," in S. Morgenbesser, P. Suppes, and M. White, eds., *Philosophy, Science, and Method* (N.Y.: St. Martins Press, 1969), pp. 440-72, n. 47.)

However, if all prefer giving provided all the others do also, all can jointly contract to give contingent upon the others' giving. It is not plausible to suppose that some might prefer not to contribute provided the others give. For the system which directly channels funds to the recipients (with random selection among potential recipients of who receives the payment) minimizes "free rider" motivations, since each person's contribution will be having a separate effect. Even if some had such motivations, if the others were a sizable enough group not to be rankled by the absence of some and so to drop out themselves, they (once again) can contribute by jointly contracting to give contingent upon the (remaining) others' giving also. The case to consider, then, involves some in a certain income bracket who refuse to give, *whether or not* the others give. They don't desire to be free riders; they don't care about the ride at all. Yet the others might be willing to give only if *all* who can afford it give. The refusers would not agree to *all* being forced to contribute, and so the redistributive move contrary to our hypothesis is not to a Pareto-better position.²¹ Since it would violate moral constraints to compel people who are entitled to their holdings to contribute against their will, proponents of such compulsion should attempt to persuade people to ignore the relatively few who don't go along with the scheme of voluntary contributions. Or, is it relatively *many* who are to be compelled to contribute, though they would not so choose, by those who don't want to feel they are "suckers"?

HAVING A SAY OVER WHAT AFFECTS YOU

Another view which might lead to support for a more extensive state holds that people have a right to a say in the decisions that importantly affect their lives.²² (It would then be argued that a more extensive government is needed to realize this right and is one of the institutional forms through which this right is to be exercised.) The entitlement conception would examine the means whereby people's lives are importantly affected. Some ways of importantly affecting their lives violate their rights (rights of the sort Locke would admit) and hence are morally forbidden; for example, killing the person, chopping off his arm. Other ways of impor-

tantly affecting the lives of others are within the rights of the affecter. If four men propose marriage to a woman, her decision about whom, if any of them, to marry importantly affects each of the lives of those four persons, her own life, and the lives of any other persons wishing to marry one of these four men, and so on. Would anyone propose, even limiting the group to include only the primary parties, that all five persons vote to decide whom she shall marry? She has a right to decide what to do, and there is no right the other four have to a say in the decisions which importantly affect their lives that is being ignored here. They have no right to a say in *that decision*. Arturo Toscanini, after conducting the New York Philharmonic Orchestra, conducted an orchestra called the Symphony of the Air. That orchestra's continued functioning in a financially lucrative way depended upon his being the conductor. If he retired, the other musicians would have to look for another job, and most of them probably would get a much less desirable one. Since Toscanini's decision as to whether to retire would affect their livelihood significantly, did all of the musicians in that orchestra have a right to a say in that decision? Does Thidwick, the Big-Hearted Moose, have to abide by the vote of all the animals living in his antlers that he not go across the lake to an area in which food is more plentiful? ²³

Suppose you own a station wagon or a bus and lend it to a group of people for a year while you are out of the country. During this year these people become quite dependent on your vehicle, integrating it into their lives. When at the end of the year you return, as you said you would, and ask for your bus back, these people say that your decision once more to use the bus yourself importantly affects their lives, and so they have a right to a say in determining what is to become of the bus. Surely this claim is without merit. The bus is yours; using it for a year improved their position which is why they molded their conduct around it and came to depend upon it. Things are not changed if they kept the bus in good repair and running order. Had the question arisen earlier, had it looked as though there might be such a right to a say, you and they would have agreed that a condition of lending the bus was that the decision about it after a year was solely yours. And things are no different if it is your printing press you have let them use for a year, which they have used to earn a better liveli-

hood than they otherwise would have. Others have no right to a say in those decisions which importantly affect them that someone else (the woman, Toscanini, Thidwick, the bus owner, the printing press owner) has the right to make. (This is *not* to say that someone else, in making the decision he has a right to make, shouldn't take into account how it affects others.) * After we exclude from consideration the decisions which others have a right to make, and the actions which would aggress against me, steal from me, and so on, and hence violate *my* (Lockean) rights, it is not clear that there are *any* decisions remaining about which even to raise the question of whether I have a right to a say in those that importantly affect me. Certainly, *if* there are any left to speak about, they are not significant enough a portion to provide a case for a different sort of state.

The example of the loaned bus also serves against another principle sometimes put forth: that enjoyment and use and occupancy of something over a period of time gives one a title or right over it. Some such principle presumably underlies rent-control laws, which give someone living in an apartment a right to live in it at (close to) a particular rent, even though the market price of the apartment has increased greatly. In a spirit of amity, I might point out to supporters of rent-control laws an even more efficient alternative, utilizing market mechanisms. A defect of rent-control laws is that they are inefficient; in particular they misallocate apartments. Suppose I am living in an apartment for some period of time at a rent of \$100 per month, and the market price goes up to \$200. Under the rent-control law, I will sit tight in the apartment at \$100 per month. But it might be that you are willing to pay \$200 per month for the apartment; furthermore, it might well be that I would prefer giving up the apartment if I could receive \$200 a month for it. I would prefer to sublet the apartment to you, paying \$1,200 rent to the owner and receiving \$2,400 in rent from you for the apartment per year, and I would take some other apartment available on the market, renting at say \$150 per

* Similarly, if someone starts a private "town" on land whose acquisition did not and does not violate the Lockean proviso, persons who chose to move there or later to remain there would not have a *right* to a say in how the town was run, unless it was granted them by the decision procedures for the "town" which the owner had established.

month. This would give me \$50 extra per month to spend on other things. Living in the apartment (paying \$100 per month for it) isn't worth *to me* the cash difference between its market value and its controlled rent. If I could get this difference, I would be willing to give up the apartment.

This is very easily arranged, if I am allowed freely to sublet the apartment at the market rate, for as long as I wish. I am better off under such an arrangement than under the rent-control laws without the subletting provision. It gives me an extra option, though it doesn't force me to use it. You are better off, since you get the apartment for \$200, which you're willing to pay, whereas you wouldn't get it under the rent-control law with no subletting provision. (Perhaps, during the period of your lease, you may sublet it to yet another person.) The owner of the building is *not* worse off, since he receives \$1,200 per year for the apartment in either case. Rent-control laws with subletting provisions allow people to improve their position via voluntary exchange; they are superior to rent-control laws without such provisions, and if the latter is better than no rent control at all, then *a fortiori* so is rent control with subletting allowed. So why do people find the subletting-allowed system unacceptable?* Its defect is that it makes explicit the partial expropriation of the owner. Why should the renter of the apartment get the extra money upon the apartment's being sublet, rather than the owner of the building? It is easier to ignore the question of why he should get the subsidy given him by the rent-control law, rather than this value's going to the owner of the building.

THE NONNEUTRAL STATE

Since inequalities in economic position often have led to inequalities in political power, may not greater economic equality (and a more extensive state as a means of achieving it) be needed and justified in order to avoid the political inequalities with which eco-

* There is some chance the resident would vacate anyway, and so the next tenant would pay less rent than under the subletting arrangement. So suppose the subletting allowance could be restricted only to those who otherwise would remain.

conomic inequalities are often correlated? Economically well-off persons desire greater political power, in a nonminimal state, because they can use this power to give themselves differential economic benefits. Where a locus of such power exists, it is not surprising that people attempt to use it for their own ends. The illegitimate use of a state by economic interests for their own ends is based upon a preexisting illegitimate power of the state to enrich some persons at the expense of others. Eliminate *that* illegitimate power of giving differential economic benefits and you eliminate or drastically restrict the motive for wanting political influence. True, some persons still will thirst for political power, finding intrinsic satisfaction in dominating others. The minimal state best reduces the chances of such takeover or manipulation of the state by persons desiring power or economic benefits, especially if combined with a reasonably alert citizenry, since it is the minimally desirable target for such takeover or manipulation. Nothing much is to be gained by doing so; and the cost to the citizens if it occurs is minimized. To strengthen the state and extend the range of its functions as a way of preventing it from being used by some portion of the populace makes it a more valuable prize and a more alluring target for corrupting by anyone able to offer an officeholder something desirable; it is, to put it gently, a poor strategy.

One might think that the minimal state also is nonneutral with regard to its citizens. After all, it enforces contracts, prohibitions on aggression, on theft, and so on, and the end result of the operation of the process is one in which people's economic situations differ. Whereas without these enforcements (or with some others) the resulting distribution might differ, and some people's relative positions might be reversed. Suppose it *were* in some people's interests to take or seize the property of others, or expropriate them. By using or threatening to use force to prevent this, isn't the minimal state in fact rendered nonneutral?

Not every enforcement of a prohibition which differentially benefits people makes the state nonneutral. Suppose some men are potential rapists of women, while no women are potential rapists of men or of each other. Would a prohibition against rape be nonneutral? It would, by hypothesis, differentially benefit people; but for potential rapists to complain that the prohibition was nonneutral between the sexes, and therefore sexist, would be absurd.

There is an *independent* reason for prohibiting rape: (the reason why) people have a right to control their own bodies, to choose their sexual partners, and to be secure against physical force and its threat. That a prohibition thus independently justifiable works out to affect different persons differently is no reason to condemn it as nonneutral, provided it was instituted or continues for (something like) the reasons which justify it, and not in order to yield differential benefits. (How should it be viewed if it *is* independently justifiable, but actually is supported and maintained because of its differential benefits?) To claim that a prohibition or rule is nonneutral *presupposes* that it is unfair.

Similarly with the prohibitions and enforcements of the minimal state. That such a state preserves and protects a process that works out with people having different holdings would be sufficient to condemn it as nonneutral *only if* there were no independent justification for the rules and prohibitions it enforces. But there is. Or, at least, the person who claims the minimal state is nonneutral cannot sidestep the issue of whether its structure and the content of its rules is independently justifiable.*

In this chapter and in the previous one we have canvassed the most important of the considerations that plausibly might be

* Perhaps the view that the state and its laws are part of a superstructure thrown up by underlying relations of production and property contributes to thinking it is nonneutral. On such a view, the independent variable (substructure) has to be specified without bringing in the dependent variable (superstructure). But, it often has been noted, the "mode of production" includes how production is organized and directed, and therefore includes notions of property, ownership, right to control resources, and so on. The legal order which was supposed to be a superstructure phenomenon explainable by the underlying substructure is itself partially substructure. *Perhaps* the mode of production can be specified without introducing juridical notions by instead speaking only of (political science) notions like "control." At any rate, to have concentrated on who actually controls resources might have saved the Marxist tradition from thinking that "public ownership" of the means of production would introduce a classless society.

Even if the theory were correct which holds that there is a substructure which uniquely determines a superstructure, it doesn't follow that parts of the superstructure aren't independently justifiable. (Otherwise, familiar puzzles arise about the theory itself.) One then might proceed to think what kind of superstructure is justified, and work to institute a substructure which fits with it. (Just as, though germs cause disease symptoms, we first decide how we want to feel, and then work to modify the causal substructure.)

thought to justify a state more extensive than the minimal state. When scrutinized closely, none of these considerations succeeds in doing so (nor does their combination); the minimal state remains as the most extensive state that can be justified.

HOW REDISTRIBUTION OPERATES

Our normative task in these two chapters is now complete, but perhaps something should be said about the actual operation of redistributive programs. It has often been noticed, both by proponents of laissez-faire capitalism *and* by radicals, that the poor in the United States are not net beneficiaries of the total of government programs and interventions in the economy. Much of government regulation of industry was originated and is geared to protect the position of established firms against competition, and many programs most greatly benefit the middle class. The critics (from the right or the left) of these government programs have offered no explanation, to my knowledge, of *why* the middle class is the greatest net beneficiary.

There is another puzzle about redistributive programs: why don't the least well-off 51 percent of the voters vote for redistributive policies that would greatly improve their position at the expense of the best-off 49 percent? That this would work against their own long-run interests is true, but this does not ring true as the explanation of their refraining. Nor is an adequate explanation provided by referring to the lack of organization, political savvy, and so forth, in the bottom majority. So why *hasn't* such massive redistribution been voted? The fact will seem puzzling until one notices that the bottom 51 percent is not the only possible (continuous) voting majority; there is also, for example, the top 51 percent. Which of these two majorities will form depends on how the middle 2 percent votes. It will be in the interests of the top 49 percent to support and devise programs to gain the middle 2 percent as allies. It is cheaper for the top 49 percent to buy the support of the middle 2 percent than to be (partially) expropriated by the bottom 51 percent. The bottom 49 percent cannot offer more than the top 49 percent can to the middle 2 percent in order to gain them as allies. For what the bottom 49 percent offers the middle 2

percent will come (after the policies are instituted) from the top 49 percent; and in addition the bottom 49 percent also will take something for themselves from the top 49 percent. The top 49 percent always can save by offering the middle 2 percent slightly more than the bottom group would, for that way they avoid *also* having to pay to the remainder of the possible coalition of the bottom 51 percent, namely the bottom 49 percent. The top group will be able always to buy the support of the swing middle 2 percent to combat measures which would more seriously violate its rights.

Of course, speaking of the middle 2 percent is much too precise; people do not know precisely in what percentile they fall, and policies are not easily geared to target upon 2 percent somewhere in the middle. One therefore would expect that a middle group *considerably* larger than 2 percent will be a beneficiary of a voting coalition from the top.* A voting coalition from the bottom won't form because it will be less expensive to the top group to buy off the swing middle group than to let it form. In answering one puzzle, we find a possible explanation of the other often noticed fact: that redistributive programs mainly benefit the middle class. If correct, this explanation implies that a society whose policies result from democratic elections will not find it easy to avoid having its redistributive programs most benefit the middle class.†

* If others count on the bottom economic group to vote proportionally less, this will change where the middle swing group of voters is located. It therefore would be in the interests of those just below the currently benefiting group to support efforts to bring out the vote in the lowest group, in order to enter the crucial swing group themselves.

† We can press the details of our argument further. Why won't a coalition form of the middle 51 percent (the top 75½ percent minus the top 24½ percent)? The resources to pay off this whole group will come from the top 24½ percent, who will be worse off if they allow this middle coalition to form, than if they buy off the next 26½ percent to form a coalition of the top 51 percent. The story differs for those in the top 2 percent but not in the top 1 percent. They will not try to enter a coalition with the next 50 percent, but will work with the top 1 percent to stop a coalition from forming that excludes both of them. When we combine a statement about the distribution of income and wealth with a theory of coalition formation, we should be able to derive a precise prediction about the resulting income redistribution under a system of majority rule. The prediction is broadened when we add the complications that people don't know their precise percentile and that the feasible redistributive instruments are crude. How closely will this modified prediction fit the actual facts?