

Book Review – Private Government: How Employers Rule Our Lives (and Why We Don't Talk about It) by Elizabeth Anderson

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1. Introduction

Private Government: How Employers Rule Our Lives (and Why We Don't Talk about It) attempts to analyse the stark material and social imbalances that exist within modern workplaces between employers and employees. It appeals to society to recognise that arbitrary and hierarchical power structures, present within modern firms, are wholly antithetical to the concept of the free market economy as originally conceived, following the collapse of feudalism in the seventeenth century. The author, Professor Elizabeth Anderson, is a renowned political philosopher and the book is derived from her Tanner Lectures on Human Values, delivered at Princeton in 2014. Anderson's presentation of her arguments is always engaging and often entertaining, most notably in her use of rhetoric to describe modern firms as 'communist dictatorships', doubtless designed to provoke the ire and consternation of libertarian free-marketeers, whilst also giving voice to an unspoken truth about work in the modern economy. This review applauds Anderson's overarching aim to reset the public discourse surrounding labour relations and rights. However, it queries Anderson's initial analysis of the history of market development, and questions whether her proposed solutions are sufficient to address the novel threats to just labour relations posed by the gig economy.

2. Anderson's historical analysis

Anderson begins her book by attempting to trace back contemporary pro-market ideology to its egalitarian roots and chronicle the development of the market economy.

Anderson argues that, in its inception, systems of free trade, exchange and enterprise were conceived, and defended, on an egalitarian basis. Markets, as envisioned by Adam Smith, John Locke and the Levellers (a social movement borne out of the English Civil War), were a means to dismantle the old medieval structures of social hierarchy and dependency. The market would champion a new class of 'masterless men', free of the past regime of domination

and subordination which they suffered under Church, State and nobility. These self-employed workers would interact with other individuals as equals, with all parties appealing to the others' self-interest in economic transactions, free of servility and patronage.

However, the inherently egalitarian principles on which free markets were first defended were progressively undermined, Anderson observes, most notably following the Industrial Revolution. The mechanisation of industry and production gave rise to incontestable economies of scale, wielded by the largest business owners. Formerly self-employed individuals struggled to compete in an environment increasingly dominated by large firms and were consequently forced to relinquish their own autonomy to seek wage labour in service of these powerful employers. Anderson suggests that the Industrial Revolution heralded the arrival of an ever-widening gap between employers and employees, stratification of status within firms, and the revival of authoritarian structures, previously seen in feudal society, now commanded by employers. Anderson's evaluation of social relations between individuals, *alongside* considerations of material distribution, continues a series of contributions she has made to the wider debate around social inequality.

In Anderson's mind, the legacy of the Industrial Revolution has blinded today's society to the sinister reality of today's industrial organisation. She argues that free market economics has been co-opted by libertarians and the political right who seek to maintain an economic system which vacates the principles of fair and equal society which the market was designed to bring forth.

The thrust of Anderson's analysis is concise and, *prima facie*, compelling. When reading Locke, Smith, Paine and Lincoln, one can hardly miss their profoundly egalitarian concern to justify the promotion of a society based on market exchange and production. Their insistence on 'freedom of contract' was conceived in order to release people from the chains of feudal exploitation. This historical account of market development serves an important purpose in laying the groundwork for Anderson's central thesis (outlined in her second lecture) that the current, unjust market relations are just that – an injustice. They are an injustice because they betray the original intentions of those seminal thinkers – to dismantle a system of unaccountable hierarchy and establish an inclusive and progressive system of market exchange in its place. Instead, Anderson will argue that unaccountable feudal hierarchy has been replaced by unaccountable wage hierarchy within large firms.

However, on closer inspection, Anderson's stylised narration of market relations seems abbreviated. Her explanation of the supposed mismatch between theory and reality is almost monocausal: "What happened [...] was the Industrial Revolution" (Anderson 2017: 5). Ever since, we must have mistaken authority and coercion for equality and freedom. 150 years later, she suggests, we are still labouring under "anachronistic holdovers" (2017: 132) and a bogus "model" (2017: xxii) that misconstrues Smithian ambitions for the present reality. This is an oversimplified account of why labour relations are organised as they presently are.

Firstly, economic reasoning has not only been transformed by the "great reversal in the expected outcomes of a broadly free-market regime" (Anderson 2017: 121) brought about by the Industrial Revolution, but also by a continual advancement of economic theory and vocabulary which has occurred parallel to, and continued past, the Industrial Revolution. Modern debates surrounding market interventions revolve around concepts such as welfare and the efficient allocation of resources, notions not yet conceived of in Adam Smith's time. According to these modern concepts, free labour markets are viewed not as a means to dismantle feudalism but as a means to remunerate work in proportion to its productive contribution as valued by the market. Further contemporary considerations, salient for the organisation of today's labour market, include the prevailing objective of low unemployment

and international labour market competition (given that firms can easily move jobs abroad nowadays if conditions become unfavourable).

In this way, the organisation of labour relations is not the sole consequence of the legacy of the Industrial Revolution but also of the historical succession of economic language, theories, and models. Though the Industrial Revolution would certainly have impacted the direction of travel that economic discourse has taken, the foundational principles which have informed economic ideas today had their own profound, independent effect on how modern economies have been organised. They refashioned the goals and ambitions of market economies towards the maximisation of utility, efficiency, and so on, rather than the mere emancipation of labour which had, in their eyes, been achieved following the collapse of feudalism.

Though this review is persuaded by Anderson's analysis of current market and workplace relations, and the need for reform, the overlooking of the role of changes in economic theory may leave her argument vulnerable to criticism from contemporary economists (such as Tyler Cowen in the same volume) on the grounds that it is situated outside of today's economic reasoning. Anderson would have done well to state expressly in what ways her progressive and egalitarian ambitions for the future of labour relations, inspired by the post-enlightenment notions of liberation, may be at odds with most contemporary theory.

3. The injustice of 'Private Government'

In her second lecture, Anderson outlines her central, confrontational argument that modern firms are equivalent to 'communist dictatorships' and 'private government'.

Anderson argues that private government exists wherever entities are able to issue orders to individuals, thereby excluding others' interests in an arbitrary and unaccountable manner. By exercising power and authority over its employees (outside of established state and judicial domains), firms must thus be deemed 'private governments'. Anderson highlights employers' use of surveillance within and outside of working hours, regulation of employees' public and private speech and behaviour, as well as arbitrary, personalised sanctions that employees are effectively powerless to contest. In a possible attempt to provoke outrage among those who equate freedom with private enterprise in the modern economy, Anderson contends that private government within firms, wherein the owner possesses all non-labour resources, production is centrally planned in unaccountable boardrooms, and employees do not have rights to recourse, is tantamount to a communist dictatorship.

The vocabulary of free market economics, for Anderson, is disjointed with the current reality of work and production and does, in fact, work to impede the implementation of policies to redress the entrenched power imbalances between workers and employers. Though Anderson acknowledges that a certain degree of central coordination is needed for employers to efficiently operate large, multinational firms, this does not justify the breadth and depth of corporate governance over the lives of individuals. This is compounded by ineffectual labour legislation which places high costs of exit for employees and low costs of dismissal for firms.

At this point, Anderson's laudable intuition is to take a step back and ask: what was it that we tried to achieve when we embraced this modern social order? Her re-evaluation of the ideals and aspirations attached to the fledgling British market society yields a striking answer: the hope was to enable people to live autonomous, safe and fulfilled lives. The concern underlying Anderson's case for reform to employment laws appears to be a shift towards the incorporation of these ideas. Various passages in the book validate this suspicion. Anderson is so adamant about hierarchies of "authority, esteem, and standing" (2017: 3) precisely because these constitute potential violations of a possibly unfulfilled promise of modernity. And however

scarcely she cites evidence for the existence of private ‘communist dictatorships’, whenever she does, she points out threats to civil liberties, degrading working conditions, unfairly low wages, or a lack of decision-making power over one’s own activities. Indeed, she comes close to making her fundamental assumption explicit in her reply to her libertarian commentator Tyler Cowen: “Exercising autonomy [...] is no ordinary good. It is a basic human need” (2017: 128). The ideal thus discovered crucially requires self-determination, material wealth, and finding enjoyment in one’s activities. Arguably, all these are directly linked to work.

The charge levelled against contemporary economics here is that concepts such as utility and efficiency insufficiently capture basic human needs. Thus, Anderson’s argument complements an abundant academic literature that diagnoses an emergence of post-material needs in prosperous societies. In relation to employment, these theories suggest that today’s workforce is not primarily concerned with eking out a living to provide for one’s family anymore but looks for a meaningful job that takes individual agency seriously. It is no coincidence that the “fight against hierarchical relationships” (Inglehart 1977) has always been one of the cornerstones of the student-led cultural revolution that has transformed normative systems since the 1970s.

Anderson’s argument is thought-provoking in that it points out the fundamental problem that “the amount of respect, standing, and autonomy they (workers) get is roughly proportional to their market value” (2017: 138). Free market economics is no longer a way to dismantle or tame social hierarchy, even though we might concede that private government does not wield as much coercive power as actual states. This impressive volume is a welcome contribution because it sheds light on the neglected role of power relations in the workplace. These questions are of immediate concern to most of us, and they deserve closer examination.

4. Are Anderson’s solutions up to scratch in the gig economy?

Anderson concludes her book by presenting four potential remedies to workplace coercion and subordination: enhanced exit rights, a workers’ bill of rights, enforced rule of law and facilitating a greater voice for employees in the operations of their employer. Anderson endeavours to remind the reader that the current economic state of affairs should not be seen as either intended or inevitable.

However, this review questions whether these solutions go far enough to tackle a new generation of unaccountable power structures and workplace hierarchy found in the ever-growing gig economy. The gig economy refers to flexible, temporary, or freelance work that usually involves connecting with clients via an online platform. A wide variety of positions can be considered gig, including ride-sharing networks, food and parcel delivery or even code and freelance writing.

The infrastructure and ramifications of workplace dominance are more keenly felt and their effects arguably more long-lasting in the gig economy than in the traditional, large firms that Anderson primarily describes in the book. Whilst lower-level workers in traditional firms are accustomed to unaccountable structures of hierarchy and dominance within the workplace, currently, workers in the gig economy find that these equivalent structures also invade their private family lives too. Given the more informal contractor status of gig economy workers, and the omnipresence of the apps and digital platforms through which they interact with management, the already thin lines between the home and the workplace have become increasingly blurred. The diffusion of unjustifiable dominance, as well as physical and mental exploitation in the workplace, into individuals’ private lives will reduce the time and support they can provide for their dependants. Glass and Estes note in a renowned paper, the “conflict between paid work and family responsibilities has been linked to decreased employee productivity as well as decreased family functioning” (1997: 289). This distortion to family

support can do long-lasting harm since it might create a vicious cycle, especially for workers from a lower social class. For example, in the UK, the gig economy employs about 4.7m workers, and the fact that gig workers are not considered formal employees means that they would have no access to “health insurance, workers’ compensation protections, paid time off, family leave protections.” (Cumbo 2021). A similar deficiency in gig workers’ welfare protection also exists in the United States (Livni 2019). Outside of traditionally mandated maternity and paternity leave, and sick pay, the precarious existence of many gig economy workers will inevitably lead to less attention being given to childcare, and crucial child wellbeing and educational support. The unpredictable and non-standard work schedules, common in gig employment, have been found to harm children’s development. One study showed that when mothers work nonstandard and unpredictable hours, their toddlers tended to have below-average cognitive abilities (Han 2005), whilst another study found that children of gig workers are more likely to experience behavioural difficulties in preschool (Joshi *et. al.* 2007). A reason for this is that an unpredictable schedule interferes with normal eating and sleeping times, which are essential for healthy development (Lambert *et. al.* 2014). As a result, the gig economy seems to put children’s development at risk, and this may further entrench existing social hierarchies since “a key variable in the occupational attainment of men and women is educational attainment” (Hauser *et. al.* 2000).

Given the character and conditions of work in the gig economy, this review is sceptical as to whether Anderson’s proposed solutions, tailored to conventional workplaces, are adequate to respond to these new challenges. Anderson’s proposal of enhanced exit rights, firstly, may not be relevant to an industry which already markets itself on offering flexible working patterns (Guardian 2019). Hierarchy in the gig economy is notably more rigid than in traditional industries; it is harder to advance internally as workers and management are wholly disconnected. The normal structures of promotion and relegation in the firm are entirely absent since workers are not employees in the conventional sense but instead independent contractors. There are, therefore, no mechanisms for workers to achieve any sort of career advancement and so their material conditions are indefinitely static (Guardian 2019). Therefore, Anderson’s solution of strengthening workers’ rights to exit are ineffectual in such an environment – once an individual signs up for work, they always maintain the ability to leave with relatively little cost and yet, the longer they work as a food or parcel delivery driver, and the more detached they are from the conventions and requirements of career progression in other industries (acquiring new skills, training courses, management experience) their prospect of leaving and bettering their material and social conditions rapidly diminish over time. In this way, the model of the gig economy does not stifle workers’ exit rights in the manner Anderson analyses in traditional firms (which she seeks to address). Rather, the design and nature of gig workplaces places an unseen and implied pressure on workers to keep serving the app. So lucrative is this business model that the firms which invented it are increasingly determined to preserve it. Take, for example, Uber’s recent lawsuit in California (O’ Connor 2021). Uber successfully persuaded voters to support Proposition 22, which recognises Uber drivers as self-employed so that they are not entitled to the minimum wage and other workplace protections. The political campaign in favour of the proposition cost Uber two-hundred million dollars (O’ Connor 2021).

Anderson’s remaining solutions, namely a workers’ bill of rights, enforced rule of law and facilitating a greater voice for employees, also seem defunct when applied to a labour market in which workers are not legally workers but private contractors. Ironically, gig economy work may, on the surface at least, more closely resemble the early dreams of ‘masterless men’ and self-dependent individuals which Anderson pointed towards earlier as the progressive outcomes of the market economy as originally intended. In this vein, some argue that gig economy workers are not too severely affected by workplace dominance because there are virtually no “limited contracts” in the gig economy. “Limited contracts”, a notion introduced by

Anderson when she discusses traditional workplaces, give managers a space within which they can act arbitrarily and unaccountably. Gig economy workers seemingly have contracts with far less leeway. However, the offers of autonomy and liberty, once properly scrutinised, are most certainly an illusion. Self-employed gig economy workers are subject to at least the same amount of unaccountable control. Advances in technology have meant that gig employers are able to control the specific details of services (such as delivery routes) and monitor workers far more easily (O'Connor 2020). Therefore, the traditional justification for bosses to have some leeway in how they design their employees' work no longer applies. The resulting more "comprehensive contracts" do not dispense with the possibility of abuse, however, as the sanctions imposed on employees by employers can still be determined arbitrarily. Therefore, any solutions to this new form of 'private government' must surely address the insidious and pervasive methods of control, which the gig economy facilitates, far more directly than Anderson's proposed solutions would allow for.

5. Conclusion

This book review broadly chimes in agreement with Anderson's assessment of workplace dominance. We applaud Anderson's efforts to force public discourse to acknowledge the fact that workers are subjected to private governments that wield arbitrary and unaccountable power over them.

In our view, however, Prof Anderson has failed to enunciate the fundamental premise that makes her argument, which is situated outside today's economic reasoning, relevant. In accordance with many vanguard pro-market thinkers, she seems to imply that autonomy, safety, and fulfilment should be at the heart of the economic system. It is only because these values are insufficiently captured by contemporary justifications of laissez-faire policies that we should re-evaluate today's labour market through the lens of the egalitarian concerns of its founders.

The second focus of this review is an area which we think deserves further study: the gig economy. This emerging business model treats workers as self-employed, while companies simply mediate services via a digital platform. The problem of workplace dominance is compounded in this nascent industry, where there is a stricter hierarchy of power and employees can be more closely monitored. While Anderson proposes solutions to reduce workplace dominance, these traditional remedies, such as increased right to exit, do not seem to work for the gig economy. We therefore conclude that the workplace hierarchy problem may become even more acute than Anderson realises. Given its growing importance, we should also pay more attention to the gig economy in future research.

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