



Book Review: Radical Markets: Uprooting Capitalism and Democracy for a Just Society by Eric Posner and Glen Weyl

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“Free the market!” may very well be the battle cry that *Radical Markets* boasts. Attributing the rising discontent within Western societies to economic stagnation and growing inequality (*stagnequality*), Posner and Weyl propose a radical unshackling of market competition to cure our modern woes. We believe that this is a misguided attempt. Modern discontent has a multitude of drivers which may be *spurred* by further marketisation. This review will examine one such driver: community. First, we explore how dynamic competition erodes community *economically* by furthering geographic dislocation and personal abandonment. Second, we argue that preference maximisation erodes community *politically* by subverting consensus-oriented coalition building. We conclude that *Radical Markets* is provocative but self-defeating: it fuels the very discontent it sets out to solve.

1. The Market, Our Messiah

Radical Markets sets out to free societies from the rising political discontent plaguing the West. Posner and Weyl attribute this malaise to *stagnequality*: stagnant economic growth paired with surging income and wealth inequality. Jumpstart economic growth and distribute resources fairly and society will be more content: “human well-being would be greatly advanced through the reduction of inequality and the advance of prosperity” (Posner *et al.* 2019: 79).

In a series of five innovative proposals, Posner and Weyl outline grand ambitions of policy reform spanning from economic taxation to political voting mechanisms. Strikingly, these policies appear to cut across conventional ideological divides. Indeed, they seem just as rooted in the conventionally centre-right pursuit of individual profit as it aspires to conventionally centre-left ideals of redistributive justice. What unites these policies is a profound belief in the merits of competition. Drawing on the legacy of past 'Radicals' – pioneers of modern liberal economic thought ranging from Henry George to Sidney Webb – the authors' flagship proposal is founded on their argument that private property rights should be seen as a form of monopoly. Liberating the market from traditional conceptions of excludable property rights in favour of competition would lead to more prosperous *and* fair outcomes. Such systems at once allocate assets to their most productive use, thus spurring wealth creation, whilst distributing those gains in an equitable manner. Embrace competition with open arms and you can kiss *stagnequality* goodbye.

What would unleashing competition mean in practice? Start with economic taxation. Posner and Weyl argue for the introduction of a Common Ownership Self-Assessed Tax (COST), a system that entails all property being constantly up for sale by auction at a value self-declared by the owner. This differs from a traditional conception of property rights by removing the right not to sell – a form of 'holding out' which the authors deem fundamentally monopolistic. Under the COST, individuals would always declare a fair value for their possessions by virtue of market incentives: price your possessions too high and you pay more tax (estimated at 7% annual rate), price too low and you are more likely to find a bidder able and willing to claim your possessions from you. Revenue collected from the COST goes on to be distributed through a social dividend – a form of Universal Basic Income – or invested in public infrastructure. As such, the COST ensures that all assets and goods are put to their most productive use: should you be able to use your neighbour's land more efficiently, the COST would give you the right to buy it from her. The social dividend would ensure that everyone shares in the gains. The Radical Market thus delivers what it promised: prosperity and fairness through competition instead of property.

Next, consider politics. Posner and Weyl call for the adoption of Quadratic Voting (QV) in modern democracies. In QV, citizens are allotted a certain number of "voice credits" which they can freely spend on a variety of public proposals that are up for a vote. The system is quadratic as the amount of votes a voice credit buys on any single issue follows a quadratic function. 1 vote costs 1 voice credit, 2 votes cost 4 credits, 3 votes cost 9 credits, and so forth. Implemented on a small scale, the authors demonstrate QV to better reflect the intensity of concern voters have over different issues. Much like COST allows consumers to maximise prosperity, QV allows citizens to better fulfil preferences – all whilst dismantling the oft bemoaned shackles of one-person, one-vote, majoritarian systems.

Posner and Weyl proceed to extend their logic of radical competition to three further areas: immigration, investment and data. The Visas between Individuals Program (VIP) allows natives to host working foreigners in return for half the immigrant's salary, spurring economic growth while sharing global wealth more equally. Furthermore, they argue institutional investors must adhere to tight restrictions that prohibit diversifying their investments within industries. This would restrict their ability to manipulate prices – a common feature of industries with institutional ownership. Finally, data is reconceived as a form of labour: users are remunerated for providing high quality data, allowing tech companies to spearhead advances in algorithmic development all whilst sharing the gains of such innovation.

As such, *Radical Markets* is a fundamentally consequentialist manifesto. It conceives of humans as *homo economicus*: self-interested, rational preference-maximisers that derive contentment from fairly distributed wealth. *Stagnequality* has allegedly been so damning

precisely because these outcomes have not been optimally met. Competition, then, is best placed to cure our woes: it enables the most productive allocation of resources whilst distributing those gains fairly. Markets promise not just a clever organisational mechanism – but a pathway towards a more ideal society.

2. A Self-Defeating Project

We disagree. Whilst *Radical Markets* is indubitably thought-provoking, it suffers from a misdiagnosis of modern discontent and a myopic understanding of human nature. With their narrow focus on economic growth and equality, Posner and Weyl seem to forget that shared access to material resources is just one of many constituents of human well-being.

But it is flawed to consider *stagnequality* the sole source of discontent and hence the only measure one must heed when redesigning policy. Humans are more than their material resources; societies are more than their economies. Modern discontent is a complex phenomenon with a multitude of roots – cultural (lack of belonging, inclusion, significance), geographic (industrial disenfranchisement, economic dislocation), political (identification, rights struggles), to name a few – that requires more thoughtful and holistic analysis. Chasing equal growth at all costs risks omitting, worse, spurring those drivers of discontent. Yet that is exactly what *Radical Markets* does.

In fact, we believe that *Radical Markets* fuels the very discontent it sets out to solve. Its policies are self-defeating: they subvert the very goal of a more content society they intend to achieve. This paper will limit itself to showing how *Radical Markets* undermines one key factor whose decline has been a driver of modern discontent: community. We will proceed in two parts. First, we will explore how the Radical Market erodes community *economically*. Drawing on the COST, we will show how competitive markets unleash disruptive forces that undermine belonging to, and agency within, existing communities. Second, we will examine how the Radical Market erodes community *politically*. We argue that the QV system reflects a logic of preference aggregation that hinders the consensus-oriented coalition-building that communities require.

3. Economic Community

The decline of communal connectedness has been a key driver of the populist discontent Posner and Weyl identify in their introduction. Indeed, technological change and globalisation have cast entire regions into economic and demographic decline. Collective patriotic attachment has fallen as people increasingly identify as members of sub-groups, notably the workplace (Collier 2018). As urbanisation has accelerated, cities are increasingly inhabited by people that don't know their neighbours. More fundamentally, the (neo)liberal school has pitched humankind as a mere aggregate of *homo economicus*, self-interested individuals that compete to fulfil their preferences.

This personal phenomenon has evolved into a political one: populist discontent is a symptom of personal isolation. Indeed, researchers first linked social isolation to support for the French far-right Front National in 1992. The Center for the Study of Elections and Democracy has found that Donald Trump voters reported having fewer friends and acquaintances than those of his political contenders. Similarly, the European Social Survey suggests that social isolation, financial insecurity and low levels of mutual trust were the largest determinant of anti-immigrant views (Hertz 2020).

Why might loneliness fuel populist discontent? Rodriguez-Pose (2020) argues that populism must be understood as a revenge of the abandoned: it channels the anger of formerly prosperous places whose long-term decline has rendered them expendable. From the Rust Belt heartlands to the France du Vide, from the formerly industrious Northern England to villages in Northern Italy, populists boast strongholds in places experiencing demographic and economic decline. Once engines of the post-war growth miracle, these hubs have seen opportunity vanish and communal pride erode. Indeed, as the bonds of the workplace, religion, the neighbourhood, and the nation have faltered, some have lost their sense of belonging, status, and dignity they had previously enjoyed (Collier 2018). Populists, then, promise to restore this lost glory. Marine Le Pen pledges to recreate communal belonging when she speaks of a “a forgotten France, a France abandoned by the self-appointed elite” (Willsher 2016).

Crucially, poverty alone does not fully explain this phenomenon. Economic insecurity in itself is not a strong determinant of populist support as chronically poor places are not the ones rebelling (Rodriguez-Pose 2020). City-dwellers of all income levels overwhelmingly supported Hillary Clinton in the 2016 US Presidential election, while relatively well-off Brits in economically stagnating regions backed the Leave campaign. Rather, populism has arisen where economic and demographic decline have started to erode the social standing and cultural significance of previously prosperous places. This has as much spurred a nostalgia for a ‘golden age’ as an anger against disconnected elites that are indifferent, if not condescending, to their communal attachments (Margalit 2019). Indeed, (Spruyt *et al.* 2016) find that lack of political efficacy – the perception that one is *de facto* abandoned by the political apparatus – is the single most important predictor of populist support, more than proxies reflecting wealth or income.

Thus, populism is not just a symptom of *stagnequality*. It results from lost significance within larger communities. Populism draws its roots in the perceived abandonment of disconnected people which it manipulates into a socially divisive and politically effective form of tribalism. Its rhetoric promises the very thing abandonment has eroded: communal belonging.

Tackling this resentment will require nuanced policies that restore dignity to abandoned communities and create regional economic opportunity. Simply driving Gross Domestic Product and distributing the gains more fairly is an insufficient response. If anything, the ‘dynamism’ of market forces has been a source of the very geographic dislocation that has spurred abandonment in the first place. Yet this lethal dynamism is precisely what the COST embraces.

In an astonishing passage of sobriety, Posner and Weyl do recognise that certain property - family heirlooms - may bear legitimate personal value that ought to be shielded from productive resource allocation. Yet this is also where the dawn of epiphany ends. Bonds to other possessions are dismissed as “fetishistic” (Posner *et al.* 2019: 77). Attachment to perhaps the most vital asset guaranteeing communal belonging - the home - is under outright attack: “Increasing economic evidence suggests that excessive attachment to homes is inhibiting employment and dynamism in the US economy, a problem a COST would greatly reduce.” (Posner *et al.* 2019: 77) Worry not, dear villager: should a supersonic train company build its rails through your hundred-year-old town and evict all homeowners at a three-months’ notice, you may relish in the efficiency that the death of your community has brought about.

Strikingly, Posner and Weyl believe that the COST may actually *increase* attachment to communities by giving citizens ownership in the common national capital stock. We see this as simply too idealistic. Communal ties are, first and foremost, proximate. They arise from

sustained personal engagement in close networks, be it a town, workplace or cultural group. A system that, far from encouraging it, actually hinders attachment to such anchors in favour of ever-changing competitive allocation is deeply at odds with the stability communal attachment requires.

Worse, the COST deprives people from forming such bonds freely in the first place. In what can only be read as a dystopian proposal, Posner and Weyl outline what applying the COST to human capital would entail. Forced to declare a self-assessed value of their own productivity, people would be coerced to pay a tax on this capital. Cannot afford to pay a higher value? Then an employer may very well outbid you, dictating the profession and place your labour would 'best' be put to use. This may be an incredulous implication that even the authors would not dare to seriously defend. But it reveals the fundamental tension between well-being and economic efficiency which the COST embeds. No longer are assets and labour employed where they create personal meaning and self-realisation. They are forcibly diverted to their most profitable use.

As such, the COST is fundamentally at odds with free agency. Even exempting human capital from the COST would leave us with a radical market that undermines free choice. Posner and Weyl may very well consider private property a form of monopoly: owners can choose to withhold assets from sale at their convenience. What the authors fail to consider is the agency this decision affords. Owners are able to choose where and how their possessions are used rather than fearing that an auction will uproot those choices at a moment's notice. Property thus confers a sense of freedom that is intrinsically valuable - it allows free agents to shape life by their own ideals. A theory that glances over the value of self-determination is simply insincere. Nor is it effective in calming the discontent Posner and Weyl decry: recall that rising disenfranchisement and loss of perceived agency are a key driver of populist resentment.

4. Political Community

Posner and Weyl fail on a different front as well. Indeed, they intend to reform processes of collective decision-making to better satiate agents' preferences. In particular, the authors criticise the prevalent one-person-one-vote system for enacting outcomes that disproportionately favour the "tyranny of the majority" (Posner *et al.* 2019: 97) One-person-one-vote is also indifferent to the *strength* of people's preferences. Thus, "the greatest happiness to the greatest number" (Posner *et al.* 2019: 98) may not always be guaranteed. Quadratic Voting should cure those woes. As citizens can vote according to the strength of their preferences, a "passionate minority [may] outvote an indifferent majority" (Posner *et al.* 2019: 106). The system would be more legitimate insofar as it better translates aggregate preferences to policy outcomes. Meanwhile, equality is ensured on the grounds that each citizen is allocated an equal budget of voice credits.

However, we believe that this logic of preference aggregation is deeply at odds with the consensus-driven coalition building political communities should foster. By its very design, QV is more favourable towards niche policies held by small groups of passionate voters. Yet what may be considered 'minority interests' by Posner and Weyl may just as much be adversarial politics in other instances. QV, then, would better allow controversial and polarising policies to be passed – despite the absence of a broad societal coalition backing it. Indeed, one-person-one-vote systems can maximally disenfranchise 49% of voters; in QV, that number is far higher.

As such, QV risks spurring an antagonistic culture. Voter groups would seek to pass policies *despite* each other rather than *with* each other. This need not be the end of a culture of exchange and persuasion: where possible, advocates would still be inclined to rally a large coalition of voters behind their cause. Yet particularly on divisive issues, QV would make it possible – if not expedient – to bypass the median political position rather than engage in the moderating quest to find consensus. Hence, QV would drive the very radicalisation Posner and Weyl seek to counteract. We have elaborated on how loss of belonging, loneliness and individuality have been catalysts for the success of populist movements. QV would further trade reciprocity and compromise for disputatiousness and partition. Voters accounting for equal weight at the ballot box in one-person-one-vote systems instead serves to reinforce the equal moral standing between individuals (Laurence and Sher 2017) while rendering consensus necessary.

Granted, QV may indeed be better at accommodating strong individual preferences. But the notion that our current one-person-one-vote system entirely suppresses minority interests is simply incorrect. In their competitive effort to build large coalitions of voters, parties must integrate pluralistic stances. This, for instance, has allowed LGBT+ minorities to see their policy interests progressively advanced, as they have used dialogue and compromise to assemble coalitions around (once) minority issues like equal marriage. Sure, this might have taken more time than under a QV system. But an ideal voting system should carefully balance the trade-off between preference maximisation and consensus-oriented engagement. Solving for preference maximisation alone risks creating the very antagonistic political culture Posner and Weyl decry.

It is therefore the recognition of moral equality of individuals that makes democracy fertile ground for social cooperation. It appears that a universal implementation of QV that governs even society's moral and ethical choices would undermine this pillar and could threaten democracy as a means of governance. A middle ground could be one where QV is used for small-scale decisions by local governments, businesses and board rooms that allow citizens to express stronger preferences over local public spending, for example. On national issues that have broad-reaching consequences, however, the democratic platform must be equally shared, and strength of preference should be tamed in favour of equal moral standing.

5. Conclusion

Fundamentally, *Radical Markets* suffers from a myopic misdiagnosis of societal woes. Its narrow focus on *stagnequality* accelerates the decline of economic belonging and political community, thus fuelling the drivers of the very discontent it sets out to solve. It is in this sense that *Radical Markets* is self-defeating.

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