11 Republicanism and Markets

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The republican tradition has long been ambivalent about markets and commercial society more generally. Consider, for instance, the near-contemporary republican authors Jean-Jacques Rousseau and Adam Smith. Rousseau wrote approvingly of the ancient Romans' "contempt for commerce" and condemned "pecuniary interest" as "the worst of all [interests], the vilest, the most liable to corruption" (Rousseau 1997b, 131, 226). His hostility to a monetized economy with its complex division of labor even extended to tax payments as a substitute for *corvées*:

> It is the hustle and bustle of commerce and the arts, it is the avid interest in gain, it is softness and love of comforts that change personal services [to the state] into money. One gives up a portion of one's profit in order to increase it at leisure. Give money, and soon you will have chains. The word *finance* is a slave's word ... In a truly free State the citizens will do everything with their hands and nothing with money: Far from paying to be exempted from their duties, they would pay to fulfill it themselves.
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> (Rousseau 1997b, 113)

Smith, by contrast, found nothing troubling in the fact that "it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest ... As it is by treaty, by barter, and by purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition which originally gives occasion to the division of labor" (Smith 1981, 26–27 [I.ii.2–3]). Far from viewing the "hustle and bustle of commerce" as slavery's prelude, he saw competitive markets as a source of liberation from feudal dependence; the modern "tradesman or artificer," he pointed out, "derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all, therefore, he is not absolutely dependent upon any one of them" (Smith 1981, 420 [III.iv.12]). Whereas Rousseau saw the market order as a deadly threat to republican values, Smith viewed it as an essential tool for their realization.

This ambivalence persists in present-day republicanism, with Rousseau's position staked out by Michael Sandel, among others, and Smith's position by Philip Pettit. Sandel's pronounced suspicion of economic exchange and commercial society more widely can be seen in his hostility to consumerism – he says admiringly of the republican tradition that in it, "consumption, when it figured at all, was a thing to be moderated, disciplined, or restrained for the sake of higher ends. An excess of consumption, or luxury, was seen as a form of corruption, a measure of the loss of civic virtue" (1996, 224–225). This worry naturally leads to his more recent "corruption objection" to markets: "we corrupt a good, an activity, or a social practice whenever we treat it according to a lower norm than is appropriate to it" (2012, 46, 110). He raises this objection in a dizzying array of settings, ranging from surrogacy markets to programs that incentivize childhood reading and obesity reduction (2012, 59, 61, 71). Sandel's solution to these evils of market corruption is to "block exchanges," i.e., use state regulations to prohibit certain sorts of trade.

Pettit's attitude towards markets and commerce is, by contrast, much warmer. He seconds Smith's belief that "far from threatening republican freedom, the market can reduce dependency and domination" (Pettit 2006, 142). This can be true even in those contractual relations, like the ones between employers and employees, where the threat of domination is especially worrisome: as Pettit points out, "in a well-functioning labor market … no one would depend on any particular master and so no one would be at the mercy of a master: he or she could move on to employment elsewhere in the event of suffering arbitrary interference" (*ibid.*) As he recognizes, however, for this to be the case the markets in question must be genuinely competitive:

> short of great differences in bargaining power, [a free market] does not mean that anyone is exposed to the possibility of arbitrary interference by any other or any group of others. One seller may be able to interfere with another by undercutting the other's price, but the second should be free, above the level of the competitive price, to undercut that price in turn; thus there is no question of permanent exposure to interference.
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> (Pettit 1997, 205)

Again, this echoes Smith's hostility, not to markets *per se*, but rather to monopoly privileges that expose some (employees, consumers) to the arbitrary power of others (employers, producers).

Rather than offer a systematic historical survey of this republican ambivalence towards markets, I will instead focus here on the leading neo-republican theory – that of Philip Pettit – and explore its myriad implications for market society, because these have significant repercussions for the topic of this book, *viz.*, the relationship between republicanism and democracy. As I shall argue, Pettit's theory is even friendlier to markets than most have believed; far from condemning commercial society in the spirit of a Rousseau or a Sandel, his theory recognizes that competitive markets and their institutional preconditions are alternative means to limit arbitrary power across the domestic, economic, and even political spheres. While most republican theorists have fixated on political means to limit such power – including both constitutional means (e.g., the separation of powers, rule of law, judicial review, federalism) and participatory ones (democratic elections and oversight) – I will recover an economic model of republicanism from Pettit's theory that can complement, substitute for, and at times displace the standard political model. Whether we look at spousal markets, labor markets, or residential markets within a federal system, state policies that spur competition among their many participants and resource exit from abusive relationships within them can advance freedom as nondomination as effectively or even more effectively than social-democratic approaches that have recently gained enthusiasts among neo-republicans. These conclusions suggest that democracy, be it social or strictly political, is merely one means among others for restricting arbitrary power and is thus less central to (certain versions of) republicanism than we might expect. So long as they counteract domination, economic inroads into notionally democratic territory are no more concerning than constitutional ones.

1 Family

Asymmetrical, gender-based power relations within households make wives vulnerable to abuse by their husbands. Although domination of wives by husbands has been sharply curtailed over the last several decades by legal and social reform, it has hardly been abolished. Violence, as well as the threat of it, remain an important mechanism of control over married women. Also, residual labor-market discrimination and the still-gendered household division of labor suggest that both at work and at home, men collectively retain certain historical privileges and powers. Such inequalities put women at a disadvantage in entering, negotiating, and exiting marriages, and to the extent that this is true, wives are still vulnerable to domination and exploitation by their husbands. Marital power remains a pressing social problem, in short, and we must seek solutions to it if we hope to advance marital freedom.

The principal means of defense against such domination and exploitation is still marital exit. As Pettit, abridging Milton, tells us, "marriage could be free only if divorce was possible: that is, only if there was a possibility of release from the marriage bond – and from subjection to the rights and powers of a spouse – in the event of estrangement between the two parties" (Pettit 2012a, 158). If a husband knows that his wife can exit the marriage, he is much more likely to listen to her complaints and modify his behavior – but if so, that makes her voice more effective and thus more likely to be put to use. The shift to no-fault divorce throughout the West in the 1960s and 1970s amplified women's voices by giving them a right to end their marriages unilaterally by simply leaving their husbands and living separately for a minimum specified period; they were no longer required to prove marital misconduct, such as adultery or cruelty, to receive a divorce. This abandonment of moralistic divorce policies and the simultaneous transfer of divorce powers from church and state to spouses themselves helped to liberate married women, who now had the ability to either exit unhappy marriages or credibly threaten to do so, thereby strengthening their own voices within marriage as well as promoting overdue changes in marital culture.

Even if no-fault divorce is, as I have argued, the most important means to counter marital power, it is far from being a sufficient means, and it might in some situations *increase* women's vulnerability, which may explain some of the feminist opposition to it. If the right to marital exit is merely formal and can be unilaterally exercised by either spouse, then it may redound at times to the benefit of abusive husbands, who could threaten to leave their dependent wives in penury at a moment's notice, thereby gaining enormous bargaining power within their marriages. There is some evidence, in fact, that stay-at-home mothers were especially disadvantaged by the shift to no-fault divorce. The problem we face here is non-monotonicity in the relationship between exit costs and the welfare of the least advantaged; the welfare of dependent wives might at first decrease, and only later increase, as exit costs fall, i.e., the move from an effectively no-exit world to a partial-exit one may hurt dependent wives, even if a further move to a free-exit world would aid them. The solution is to shift from a merely formal right of exit to a substantive one, which empowers the voices even of dependent wives. In order to accomplish this, we must not only *promote competition* in both labor and dating/marital markets but also *resource marital exit* via various government services and income transfers.

Consider first how stoking competition in various kinds of markets would lower marital exit costs. As I mentioned earlier on, gender discrimination in labor markets can trap women in abusive marriages. Great progress has been made on this front, but there is much left to do. For example, recent structural changes in some professionals' work (e.g., pharmacists, veterinarians, pediatricians) towards increasing flexibility and greater linearity of earnings with respect to time worked have disproportionately benefited women and helped close the wage gap. These changes have been driven in part by economies of scale and pressures to reduce labor costs, but they have also occurred due to employee pressure (Goldin 2014, 1116–1118). This evolution of the workplace could be catalyzed by steering government contracts to firms with more flexible work schedules, for example. Doing so would further diminish the wage gap and therefore improve the prospects of currently dependent wives who are considering marital exit.

Enhancing competition in dating and marital markets themselves may be as important, if not more so, than enhancing it in labor markets, especially for dependent wives with little work experience. Consider the case of women within insular ethnic and religious minorities who have been socialized from an early age to marry within their communities, who face internal marriage "markets" that are rigged against them, and who may be subject to emotional and even physical coercion when choosing marriage partners. Multiculturalism may be bad for women, especially if it means insulating such groups from liberal-rights enforcement and public education. On the other hand, efforts to open up such internal marital markets may fall afoul of important associational rights guaranteed to all citizens, rights that may help to protect minority groups and their members from other forms of domination (e.g., domination by the majority or by other, more powerful minorities). Fortunately, there are available policies that not only respect such equal associational rights but also safeguard "minorities within minorities." For example, reasonable requirements for civic education during childhood can inform these women of their rights and make them aware of the existence of, and the opportunities in, the larger society; additionally, the kinds of government services and income transfers discussed below can limit coercion and offer means of escape. The challenges that insularity and gender traditionalism pose for such dependent women have decreased over time thanks to better education and law enforcement and to the tools made available by the internet (including dating sites), but more can be done to provide these women a broader array of options, marital and otherwise.

In addition to advancing market competition, states can resource exit by delivering both essential services and income transfers. First, given the ongoing problem of partner violence, it is essential that the government protect women from physical coercion, whether through the use of restraining orders and police protection or by financing women's shelters; without these services, exit may be too dangerous for them (Pettit 2012a, 115). Second, in the aftermath of divorce, states must ensure a fair division of property and future income by enforcing alimony and child-support payments and by instituting "community-property" rules (including the 50/50 division required by California law); both would help protect the financial interests of stay-at-home wives who by forgoing employment limit their labor-market options and put themselves at a bargaining disadvantage vis-à-vis their working spouses. Third, states could offer vouchers specifically designed to enhance exit options, whether indirectly (e.g., ones for job retraining or vocational education more generally) or directly (e.g., ones for travel and/or relocation, which would have the side benefit of sustaining market and political freedoms, too, as we shall soon see). Finally, states could guarantee conditional or unconditional basic incomes to allow dependent women with minimal job market experience to support themselves, at least for a while, without working (Pettit 2007a). All of these measures, both resource- and competition-related, can operate together to make marital exit a feasible option for dependent wives. Without them, the liberating potential of no-fault divorce will remain underdeveloped for the most vulnerable class of married women.

However, I should concede the difficulty, perhaps even the infeasibility, of extending this approach to household dependents, including minor children as well as elderly parents. Children will generally lack the rational agency that is needed to exercise exit responsibly, though as they approach majority they may be able to exit via emancipation by the courts; in their earlier years, exit will be possible only through a transfer of custody, whether initiated by the parents or state authorities. As a result, they will have to rely upon the moral constraints governing their parents' behavior and the legal interventions of the state *in extremis* (e.g., in cases of neglect or violence) to escape the arbitrary exercise of parental authority. For dependent elderly parents, the situation is far more complex. If they are mentally incompetent, their condition may resemble that of minor children. If they are mentally competent, on the other hand, exit may be a real option, especially when alternatives are abundant (e.g., other relatives, elder-care facilities) and exit is financially viable due to private savings or state aid; again, effective competition and resourced exit are key here. When these conditions are absent, though, direct empowerment may be required, whether in the form of the regulation option (monitoring and supervision by relevant state authorities) or the participation option (e.g., enforcing the rights of the elderly to have some say in particular aspects of their care). Whether marital freedom can become a model for familial freedom more broadly, then, is doubtful; protecting household dependents from domination will frequently require direct empowerment of voice in one form or another.

As I will argue in the following sections, however, marital freedom *can* serve as a model in many other contexts. Whether we consider the domination of workers by abusive managers or that of businesses by corrupt regulators and politicians, the kinds of policy instruments that were used to limit marital power through resourced exit and enhanced competition can also be used to limit market and political power. Marital freedom, in short, can act as a template for both market and political freedoms – and by doing so, it can offer a fresh approach to combating domination, one that is less dependent on social-democratic interventions than on empowered choice and free mobility in labor and locational markets. As we shall see, John Milton's divorcive conception of freedom, seconded by Pettit, promises us liberation beyond the domestic sphere.

2 Economy

Asymmetrical, class-based power relations within firms can make workers vulnerable to abuse by owners and managers. Domination and exploitation are especially likely when the labor market is monopsonistic or oligopsonistic, i.e., one firm or a small group of firms has sufficient market power to drive wages below the competitive level and otherwise ill-treat their employees. This phenomenon has not gone unnoticed by neo-republicans. Pettit, for example, in the midst of selling republicanism's virtues to socialists, describes Marx's belief that workers are

> wage slaves … dependent on the grace and mercy of their employer … [and] exposed to the possibility of arbitrary interference … If the employers in any area are collectively capable of blacklisting someone who displeases them, as many nineteenth-century employers certainly were, and if unemployment effectively means destitution, then it is clear why socialists should have thought that workers were nothing more than wage slaves
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> (Pettit 1997, 141; cf. 2006, 142; 2007a, 5).

Therefore, if an area's employers act as a collective monopsonist, i.e., a labor-purchasing cartel, they can dominate their wage-slave employees, just as Marx claims, and so deprive them of their republican freedom.

Given these worrisome features of collusive labor markets, what public policies will best open them up? First, we should note that many existing public policies undermine competition in labor markets; thus, promotion of competition will require us to abolish or reform these policies. For example, closed-shop unionism and related "for cause" dismissal clauses in labor contracts create market power for *workers*, making it harder for employers to hire and replace workers at competitive wages and exposing them to union abuse. To quote Pettit, "think of the case of small entrepreneurs … held to ransom by the primary or secondary picketing of a powerful trade union that can put them out of business" (Pettit 2014, 91). A move to right-to-work laws and universal at-will employment might restrain these labor-market abuses. Also, though private-sector union power has waned substantially since World War II, it has been replaced by an equally anti-competitive proliferation of occupational licensing rules; in the 1950s, a mere 5 percent of workers required state licenses, but now 35 percent do; by cartelizing professions ranging from hairdressing and cosmetology to horse massaging and bartending, licensing has made possible the exclusion of competitors, the exploitation of consumers, and wage rates 18 percent higher *ceteris paribus* than those in unlicensed professions (Kleiner and Krueger 2013). Shifting from licensing to a less exclusionary screening process (e.g., state certification) could retain most of the health and safety benefits of licensing without undermining labor-market competition.

Many existing public policies do enhance competition, of course. Antitrust actions make labor markets more competitive by boosting the number of rival employers or forcing incumbent employers to behave in a more competitive manner (by, say, breaking up cartel arrangements). Recent revelations that Google, Apple, Intel, and Adobe colluded in a scheme not to solicit one another's employees are a case in point; the resulting class-action suit is leading to an antitrust settlement of hundreds of millions of dollars for the exploited engineers (Streitfeld 2014). Also, state agencies might educate employees about their contractual rights and collect and disseminate information about other job opportunities, be they local or national; ignorance can be a friction in its own right, leading workers to stay in employment relations they would be better off leaving.

More radically, the state might pursue redistributive policies to make it easier for workers to exit workplaces. Workers may have a tough time, for example, saving up the money necessary to move to another place in search of work – an especially pressing problem in impoverished and insular regions of the country like rural Appalachia. Governments could provide "relocation vouchers" to enable just such moves, tightening local labor markets and disciplining abusive employers in the process. The Trade Adjustment Assistance program already offers such help to displaced workers in the form of moving allowances and stipendiary support to take up a job in a new city; unemployment insurance could be changed to allow the long-term unemployed to take advances on their benefits for the purposes of a move (Moretti 2013). In a similar fashion, states could empower workers to seek alternative employment – including self-employment – by offering "capitalist" demogrants, i.e., seed money to encourage the accumulation of physical, financial, and human capital; these might come in the form of small-business awards, start-up cash for playing the stock market or buying an annuity to subsidize a low-paying but rewarding career (e.g., topiary gardening), educational vouchers, etc. Finally, as mentioned earlier, the state could provide a basic income, which would serve as a backstop against employment exploitation and domination by making it possible for workers to exit the labor market entirely (Pettit 2007a).

Having said this, we must always be alert to a problem discussed above: non-monotonicity in the relationship between exit costs and the welfare of the least advantaged. If government does nothing but protect formal rights of movement and occupational choice, then abusive employers will prompt an exodus of their most advantaged employees, diminishing the voices of those they leave behind. To prevent this eventuality, states must transform partial-exit worlds into free-exit ones by embracing the full array of economic policies just surveyed; they must not only promote competition in labor markets but also resource exit via various government services and income transfers. Relatedly, we should be conscious of the fact that these policies are not *à la carte*; they must be implemented in tandem, because pursuing just a subset of them may increase rather than decrease domination. For example, a ruthless attack on union privilege without parallel efforts to limit employer collusion in some labor markets and enhance labor mobility may just make workers more vulnerable to the market power of capitalists. We must always bear in mind that deregulation and liberalization can be spurred as much by rent-seeking behavior as by regulation and protection. This fact is not an argument for maintaining anti-competitive practices but instead a reminder that as we approach these tasks we must keep a wary eye on what Jeremy Bentham called "sinister interests."

Even if this exit-friendly policy package were implemented in full, however, it would not entirely solve the problem of market domination due to both natural and legal limits on economic agency. Market freedom presumes such agency; workers without it would lack the ability to hold their employers accountable and defend their own interests through voice or exit. In some cases, however, it will either be absent (e.g., the severely mentally disabled) or present only in a limited way (e.g., many of the elderly); exit will have to be supplanted by voice here, be it in the form of regulation or even social-democratic participation. More disturbingly, there are sometimes legal limits on economic agency that may call for voice as a second-best corrective. Consider the case of California farmworkers who are in the country illegally. It would be difficult to resource their exit from abusive employment relations because fear of deportation would make them hesitant to apply for such state support in the first place; moreover, because a small set of families has often owned farmland in any given area for a long period of time, collusion is not only likely but also hard to police due to codes of silence. As a consequence, the private-power option of the United Farm Workers union, while far from perfect, might be better than doing nothing. A much better solution, of course, would be to legalize these workers, aggressively pursue antitrust action against colluding farm employers, resource exit via travel and relocation vouchers, and so forth, but these actions may be politically infeasible. We therefore have to remain open to the direct empowerment of voice *in extremis*, despite serious drawbacks (e.g., abuses by unions themselves).

Consistent with these qualifications, however, a republican economic program should be primarily focused on promoting competitive conditions (including a plurality of informed buyers and sellers, free entry and exit, and price-taking rather than price-making behavior) and pursuing policy innovations that would help us attain these conditions, including informational campaigns, labor-market reform, antitrust, capitalist demogrants, and a basic income. These reforms and the competitive conditions they would support constitute an economic constitutionalism as important as the political sort with which republicans have traditionally been identified; perfect competition is a translation of the rule of law into the economic sphere. Once republicans take this lesson to heart, they will (like their commercial-republican forefather Adam Smith) look upon competitive markets with enthusiasm (Taylor 2013).

3 State

I argued in the last section that labor monopsony is market power in its most extreme and disturbing form. The totalitarian state is its analog with respect to political power. Such a state, in its "ideal" form, superintends a completely closed society lacking any democratic participation or institutional checks and balances on its one-man or one-party rule. North Korea is the closest contemporary approach to this ideal; Kim Jong-un's control over his subjects is exactly the kind of power Pettit has in mind when he says that a capacity to interfere with impunity and at will, when it is "fully realized," "amounts to an absolutely arbitrary power" (Pettit 1996, 580). Arbitrary political power can be found in many other contexts, however, including liberal-democratic ones; think of racist cops who subject residents of inner-city communities to the daily humiliation of stop-and-frisks as a form of illicit racial profiling, or corrupt officials with the discretion to grant or withhold essential permits who demand bribes from businessmen.

Republicans have long been focused on the problem of arbitrary political power and have explored a variety of solutions, most notably constitutional ones that safeguard citizens by means of the dispersal of political power, such as the checks and balances associated with the separation of powers, bicameralism, international legalism, and especially federalism (Pettit 1997, 177–180). Earlier republican supporters of federalism, including Montesquieu, Rousseau, and Kant, viewed confederal interstate arrangements as a way to combine the virtues of small republics with those of large monarchies (*viz.*, political nondomination and military power, respectively) and secure international peace. The authors of *The Federalist Papers* developed these ideas further, applying them to an interlocking federal arrangement among the American states. Hamilton, quoting Montesquieu in *Federalist* 9, emphasized the way that dividing sovereignty between the states and federal government would protect citizens from domination by the authorities at either level; Madison echoes this thought in *Federalist* 51: "the different governments will control each other, at the same time that each will be controlled by itself" (Hamilton, Madison, and Jay 2003, 35–40, 251–255).

Contemporary republicans, however, have failed to notice that federalism, in addition to providing participatory and constitutional checks on the exercise of arbitrary political power, offers a more market-oriented approach too, an economic model of political republicanism that harnesses both resourced exit and competitive markets in the service of nondomination. In this model, a mobile citizenry places political sub-units – cities, counties, states, and provinces – into vigorous competition with each other for residents and businesses; far from a race to the bottom, this competition can, if properly regulated and resourced, constrain arbitrary power and force sub-units to track citizen preferences. In the limit, such competition can not only complement but even to some degree substitute for political voice, lessening our reliance on the vagaries of democratic control (Tiebout 1956). This economic model of political republicanism can never entirely displace the participatory and constitutional approaches, of course, especially as we ascend the hierarchy of political sub-units and exit becomes increasingly costly in ways that cannot be finessed by constitutional, legal, and policy reforms. Still, even if exit cannot substitute for voice in the political realm to the degree that it can in the domestic and economic realms, its potential role in promoting political freedom remains underappreciated by neo-republicans.

Such citizen mobility and jurisdictional competition have even promoted freedom for the most vulnerable members of our nation. Historical examples abound of disadvantaged minorities who have fled domination, exploitation, and discrimination in one part of the country for a better life in another, in the process generating pressure for change both in their new homes and in the places they left behind. The most famous of these were the various phases of the Great Migration of African-Americans out of the South during the Jim Crow era. This exodus to the North, West, and more tolerant parts of the South not only enriched the cultures of these regions and catalyzed political change there but also forced especially intolerant Southern cities and states to modify their oppressive policies (e.g., by cracking down on lynching and improving property protections and educational opportunities) so as to retain their cheap supply of domestic and agricultural labor (Somin 2011, 218). A similar, if less dramatic, process can be observed in the internal migration of gays and lesbians to more tolerant cities and states (Clark 2003).

What these examples indicate, however, is not just the promise of citizen mobility and the interjurisdictional competition it induces but also their limits, at least under historical conditions. The ongoing liberation of African-Americans, gays, and lesbians from various forms of localized oppression, although certainly helped by foot voting, has mostly been driven by participatory and constitutional means (e.g., the various referenda, legislative votes, and court decisions to legalize gay marriage, often over local objections). These apparent limits of the economic model are due not to intrinsic problems with it but rather to a failure to secure its preconditions, *viz.*, resourced exit and robust competition. The right to exit local jurisdictions remains formal, not substantive, and interjurisdictional competition has been suppressed by various characteristics of federal and state constitutions, laws, and policies. The tragic consequences of the failure to resource exit can be seen most clearly in educated blacks' abandonment of the ghetto in the 1960s and the related contemporary controversy about police abuse in minority communities, ranging from the kind of profiling cited earlier to racially motivated assault and even homicide. The African-Americans who remain trapped in these dysfunctional inner-city communities lack the resources to move on and, even if they had them, may be misinformed about opportunities elsewhere, whether in terms of better state services or better job prospects. In order for jurisdictional competition to play a constructive role in the lives of our least-advantaged citizens, more will have to be done to enable their exit from abusive – or simply neglectful – communities and to cause the leaders of these communities to anticipate the fiscal and economic pain of their departure.

Increasing mobility rates for the least advantaged is a daunting task, one that will have to proceed along a variety of different policy dimensions. One of the most important dimensions is informational: getting high-quality, easy-to-digest data about employment opportunities, housing costs, and school quality in different metropolitan areas into the hands of the poor. Although the various government statistical bureaus will have to play a central role in this, such an effort will be for naught unless the poor can access the place where such information is most easily posted: the internet. The so-called "digital divide" places the poor at a great disadvantage in access to the internet. Bridging this divide might be done directly, through home-broadband subsidies, or indirectly, by improving internet access at public libraries.

Even if the poor were fully informed about such opportunities, though, various obstacles to moving remain in their way. One that has been mostly removed by the Affordable Care Act is the absence of health-insurance portability. Another is the risk of losing various kinds of welfare support; unless these are portable too, the poor will be resistant to moving, especially when such moves will take them far away from the support networks of friends and family. Welfare reforms that gave the states greater discretion in designing programs, determining eligibility, etc., have been fruitful in many ways, but the federal government still has a key role to play in coordinating these efforts so that mobility among recipients is not discouraged, perhaps by assuring a decent social minimum that is invariant across states. Another obstacle that will occur to anyone familiar with the nation's successful metropolitan areas is housing costs; these are very desirable locations and have correspondingly pricey rental markets. Rental vouchers for the poor are one way of dealing with this problem, but so are efforts to increase the supply of affordable housing in these places, whether by modifying zoning laws to allow denser growth or improving public transit so that the poor can commute more easily (Moretti 2013, 176–177).

The most direct and radical approach to improving the mobility of the poor – but also the most promising, I think – is relocation vouchers that cover some or all of the costs of an intercity move, including moving expenses proper (moving van, air flights, etc.), security deposits on new apartments, and so on. The federal Trade Adjustment Assistance program, which helps workers who have lost their jobs to foreign trade, already offers relocation assistance; such aid could and should be extended to the entire pool of disadvantaged workers (Moretti 2013, 163). The results of an experiment run in the 1990s suggest that relocation vouchers could offer significant benefits for the uneducated and the poor. In the Move to Opportunity (MTO) program, randomly selected residents of public housing in Baltimore, Boston, Chicago, Los Angeles, and New York were offered mobility counseling and a housing voucher to move to a different, less impoverished part of the city. Five years later, the experimental group had made substantial improvements over the control group in terms of both obesity reduction and mental health (distress, depression, anxiety, sleep, and calmness); unfortunately, adult economic self-sufficiency (earnings, welfare support) was unaffected (Kling, Liebman, and Katz 2007). One reason for this last result, however, is relatively easy to discern – MTO only enabled moves *within* cities, but, as Moretti remarks, "today it is differences *across* cities that are more likely to be the source of mismatch [between where the poor live and where the jobs are]" (Moretti 2013, 163–164). So my proposed relocation voucher might best be restricted to intercity moves, as I originally suggested, in order to encourage resettlement in places with better job prospects, public services, etc.

As we have seen, increasing mobility among our least-advantaged citizens is a promising way to reduce their vulnerability to arbitrary power and improve their welfare. Cities vary widely in the quality of their public services (especially their schools and policing) and job markets, so converting the poor's merely formal right of geographic exit to a substantive one offers them the same kinds of opportunities the more affluent have to restart their lives in richer, safer, and more progressive places. But this only deals with the demand side of the problem, so to speak. In order for our economic model of political republicanism to reach its full potential, we must also make sure that cities face the proper incentives to supply the most attractive mixes of public services at the lowest possible prices (i.e., tax rates). In other words, we must do everything in our power to intensify jurisdictional competition for a newly mobile citizenry; we can then reasonably hope to approach, if not reach, the ideal of a perfectly competitive locational marketplace, one that purges power from the political system and thereby establishes full political freedom, at least at the local level.

How might this interjurisdictional struggle be amplified? The most effective way to do so is with *subsidiarity*, i.e., "the principle that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level" (OED Online 2015). The form of subsidiarity that is most relevant in our context is *fiscal federalism*, which decentralizes tax-and-spending decisions for local public goods to the relevant level of government (city, county, state, etc.), leaving the federal government to handle spillover effects across jurisdictions (by means of policy coordination, compensatory taxes and subsidies, etc.), deliver truly national public goods (e.g., national defense), ensure macroeconomic stability, and engage in income redistribution in order to prevent "social dumping" (Oates 1999, 1121–1122). As Oates explains, doing so will best promote social welfare:

> By tailoring the outputs of [local public] goods and services to the particular preferences and circumstances of their constituencies, decentralized provision increases economic welfare above that which results from the more uniform levels of such services that are likely under national provision. The basic point here is simply that the efficient level of output of a local public good … is likely to vary across jurisdictions as a result of both differences in preferences and cost differentials.
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> (*ibid.*)

Because citizen sorting will make jurisdictions more homogeneous in terms of demand for local public goods, it will tend to increase the welfare gains of fiscal decentralization (Oates 2006, 40). For our purposes, though, the greatest advantage of fiscal federalism is its effect of putting every fiscal tub on its own bottom, i.e., forcing every local jurisdiction to pay for its own public goods. As a consequence of this, local government will have a robust incentive to attract and keep both residents and businesses, lest its tax base vanish and its public-goods mix become unaffordable. This induced competition for a mobile citizenry will constrain the ability of local governments to exploit, dominate, and discriminate against their residents – even, in the limit, wholly eliminating it. Fiscal federalism, by offering supply-side incentives to complement our demand-side mobility resourcing, completes the economic model of political republicanism.

As I noted earlier, though, this republican economic model can never entirely replace the political one. Even at the local level the political model has a role to play, and as we move up the federal hierarchy that role becomes increasingly prominent. Indeed, the very political framework that makes the economic model possible can only be established through the exercise of voice at the national level; for instance, the mobility vouchers I have relied upon to make my case have to be a product of both political entrepreneurship and coalition-building in national politics. I have promoted this economic model not in order to reduce political freedom to market freedom but rather to show that, in order to minimize political domination, we must try to find an optimal mix of accountability mechanisms, one that will vary by level of government and even across time but will rarely if ever be all voice or all exit.

At the same time, we should also not underestimate the value of a distinctively economic approach to the problems of domination. Consider again the mobility vouchers that have played such an outsized role in this section's argument. These vouchers can do triple duty by restraining domination across the three spheres of family, market, and state; they can help wives escape their abusive husbands, workers flee their overbearing employers, and citizens exit their dysfunctional communities. Republican freedom demands that we minimize domination across the private and public realms, and the pairing of markets and mobility can create synergies over the whole range of human relations. More ambitiously, we can hope that in the years to come, the spread of open societies, advances in education, and reductions in transportation costs will make an application of the economic model to global society possible.

Conclusion

If we have learned anything about the state over the past quarter-of-a-millennium, it is that constitutional democracy, whatever its flaws, is more effective than any other political system at preventing the exercise of arbitrary power by public agents. Combining democratic participation, both formal and informal, with institutional checks and balances allows the people to hold their rulers to account but simultaneously restrains popular power, keeping both rulers and ruled from becoming tyrants. Given the success of this republican strategy in the political realm, it is wholly unsurprising that contemporary republicans would try to extend it to other realms too. Reasoning by analogy, they have endorsed both participatory and constitutional solutions to the problem of private power. Their analogy is a weak one, though; due to the relative ease of exiting family and firm, the domestic and economic realms are fundamentally unlike the political one – and even in the political realm, exit is often feasible, and increasingly so as we approach the local level. This essential difference implies that the political model so beloved by neo-republicans is not a universal strategy for dealing with arbitrary power but rather a special strategy for a particular political context, *viz.*, one in which the cost of exit is prohibitive. Insofar as a universal strategy even exists, it is the one suggested by a different analogy: that between the economic realm, on the one hand, and the domestic and political realms, on the other. Markets exist in all three – spousal markets, labor and product markets, residential markets, etc. – and when the state intervenes to make them properly competitive and help their participants enter and exit them at will, it creates environments free of domination.

As we have seen, however, the economic model itself lacks universal applicability. At the level of national politics especially, where the economic model's policy frameworks of resourced exit and enhanced competition must be created and maintained, there is simply no substitute for voice, for the tricky business of political entrepreneurship and coalition-building in a democratic system. What this suggests is that the economic model should be understood not as an unerring strategy for dealing with all problems of domestic, economic, and political domination, but rather as a strong default position across the three spheres. Of course, this presumption of applicability is a defeasible one, as we just saw; given the high costs of international migration, *inter alia*, the model is unlikely to have much relevance to a national state, and even at lower levels of the state exit costs will generally remain high enough to require some role for the political model. For the domestic and economic spheres, however, the political model should have no role to play, except in marginal cases (e.g., when rational agency is compromised by psychological or physical abuse or legal disabilities). Treating the economic model as a strong default will require neo-republicans to reorient their thinking about domination, obliging them to trade their social-democratic tastes for market-friendlier ones and take the danger of state domination more seriously. By supporting policies such as the basic income, they have already begun this transition; I hope this chapter will persuade them to continue it (Taylor 2017).