Power, Predistribution, and Social Justice

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Abstract

The idea of predistribution has the potential to offer a valuable and distinctive approach to political philosophers, political scientists, and economists, in thinking about social justice and the creation of more egalitarian economies. It is also an idea that has drawn the interest of politicians of the left and centre-left, promising an alternative to traditional forms of social democracy. But the idea of predistribution is not well understood, and stands in need of elucidation. This article explores ways of drawing the conceptual and normative distinction between predistribution and redistribution, examining those general categories when considering the roles of public services and fiscal transfers, and looking at the ways in which government policies can empower and disempower different individuals and groups within the economy. This article argues that the most initially plausible and common-sensical ways of drawing the distinction between predistributive and redistributive public policies collapse when put under analytical pressure. It concludes that the distinction between predistribution and redistribution is best seen in terms of the aims or effects of policies rather than a deeper division of policy types, and argues that, once seen in those terms, predistribution is a central concern of social justice.

1. Introduction: Predistribution, Redistribution, and Social Justice

In recent years the idea of 'predistribution' has received a good deal of attention, both in academic discussions of inequality and social justice, and within the world of practical politics. And yet this idea of predistribution is not always used clearly, and much needs to be done to put the notion on a more secure footing. This essay aims to uncover, and then eradicate, various confusions about the idea of predistribution, putting the idea on a firmer footing, and thereby clearing the way for more productive future discussions of policies and institutions for addressing economic inequality.

When political philosophers think about egalitarian public policy, and about what states need to do in order to deliver social and economic justice, their attention has most often naturally been drawn to questions of *redistribution*. They typically consider how states can create more equal outcomes through standard fiscal mechanisms,

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as when more advantaged members of society are taxed by the state, which then uses those fiscal flows to fund transfer payments and to provide public services. It is illustrative here that, when G. A. Cohen launched his powerful and influential critique of Rawls's account of social justice, the totemic practical issue on which he focussed was the level of the top marginal rate of income taxation.[1]

While this predominant concern with questions of redistribution as being central to thinking about justice and equality generally still remains, it is noteworthy that more recent work in political philosophy increasingly brings questions of *predistribution* to the fore. As T. M. Scanlon puts it in his 2018 book *Why Does Inequality Matter?,* '[a]nother way of promoting equality, or avoiding inequality, is through what has been called predistribution, that is to say, through the laws and policies that determine individuals' pretax incomes'.[2] This shift of attention to the broader set of laws and policies that produce inequality aligns with a general broadening of concern with the normative assessment of a range of socioeconomic institutions, and away from an artificially circumscribed focus on only a particular subset of the ways in which institutions can either foster or reduce economic inequality.[3] This broader focus could encompass, for example, concerns with minimum wage levels, or the regulation of trade unions and wage bargaining processes, as well as issues of financial and corporate regulation, the regulation of important sectors such as the housing or energy markets, and the use of national and local government procurement spending in shaping the structure of markets.[4]

[1] G. A. Cohen, 'Incentives, Inequality and Community', *Tanner Lectures on Human Values* (Salt Lake City, 1991), 261–329, e.g. 263–4; G. A Cohen, *Rescuing Justice and Equality*, (Harvard University Press, 2008), e.g. 27–86.

[2] T. M. Scanlon, *Why Does Inequality Matter?* (Oxford University Press, 2018), 102.

[3] See Martin O'Neill and Thad Williamson, 'The Promise of Predistribution', *Policy Network*, 2012; Nick Pearce, 'What Should Social Democrats Believe?', *Juncture* 20.2 (2013), 101–110; Alan Thomas, *Republic of Equals: Predistribution and Property-Owning Democracy*, (Oxford University Press, 2017).

[4] Emily McTernan, Martin O'Neill, Christian Schemmel, and Fabian Schuppert, 'If You Care About Social Equality You Want a Big State: Home, Work, Care and Social Egalitarianism', *Juncture*, 23.2 (2016), 138–44; Joe Guinan and Martin O'Neill, 'The Institutional Turn: Labour's New Political Economy', *Renewal: a Journal of Social*

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A similar broadening of concern can be seen in recent work by leading economists, with Joseph Stiglitz also using the language of predistribution to describe his 2016 proposals for 'Rewriting the Rules of the American Economy'.[5] As Stiglitz puts it in his 2019 book, *People, Power and Profits: Progressive Capitalism for an Age of Discontent*, 'If we succeed in making market incomes more equal, there is less of a burden on redistribution. This emphasis on pre-distribution is important. It highlights that getting a fairer distribution of income is not just a matter of redistribution, of taxing the rich to give to the more needy'.[6] The idea here seems to be a straightforward one, at least at first acquaintance: predistribution is about the role of government in changing market outcomes, and thereby creating fairer distributive outcomes without the need for directly engaging in redistribution.[7] Thomas Piketty, meanwhile, has stressed the need to pursue redistribution and predistribution in combination, with the two being 'complementary, not substitutes,'[8] while also

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Democracy, 26.2, 2018, 5–16; Joe Guinan and Martin O'Neill, *The Case for Community Wealth Building*, (Polity, 2019).

[5] Joseph E. Stiglitz, *Rewriting the Rules of the American Economy: An Agenda for Growth and Shared Prosperity*, (W. W. Norton & Company, 2015); see also Joseph E. Stiglitz, 2018, 'Weak economic recovery was down to flawed policies, not secular stagnation', *The Guardian*, 29 August 2018.

[6] Joseph E. Stiglitz 2019, *People, Power and Profits: Progressive Capitalism for an Age of Discontent* (Allen Lane, 2019), 198.

[7] For concrete proposals for predistributive policies, see for example, Roberto Mangabeira Unger, Isaac Stanley, Madeleine Gabriel, and Geoff Mulgan, *Imagination Unleashed: Democratising the Knowledge Economy*, (NESTA, 2019); Liam Kennedy, 'The institution's not for turning? Inequality, taxes and anti-capitalism', *Renewal: a Journal of Social* Democracy, 27.3 (2019), 51–59; Liam Kennedy, 'Inequality: from redistribution to predistribution and beyond?', *Social Europe*, 2 May 2019, available at <https://www.socialeurope.eu/inequality-socialisation/>; Paul Gregg, 'The Potential and Limits of Predistribution in the UK: Tackling Inequality and Poverty' in *The Predistribution Agenda: Tackling Inequality and Supporting Sustainable Growth*, (Policy Network, 2015), edited by Claudia Chwalisz and Patrick Diamond, 79–90; Anne Wren, 'The Political Economy of the Service Transition: New Political Coalitions for Predistributive Strategies', in Chwalisz and Diamond, op. cit., 222–234. For a somewhat dissenting voice, see Lane Kenworthy, 'What's Wrong with Predistribution', *Juncture*, 20.2 (2013), 111–17.

[8] Thomas Piketty, 'Capital, Predistribution and Redistribution' in *Crooked Timber Seminar on Thomas Piketty's Capital in the Twenty-First*

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questioning the conceptual distinction between the two categories: an issue that will be explored in detail in what follows here.

This increasing academic concern with predistribution runs parallel with developments in the world of practical politics. Traditional models of social democracy have come under pressure as support for welfare state institutions have weakened, leaving a scepticism about familiar forms of redistribution, together with a lack of clarity about what the most promising alternatives to such policies might be. Moreover, with runaway levels of inequality within the rich industrialised countries, it seems increasingly implausible that familiar forms of redistributive, tax-and-spend centre-left politics can any longer be adequate to the task of creating a more just and equitable economic settlement. The lack of clear ideas to animate a new centre-left vision of the role of the state has been associated, in many countries, with a fall in support for mainstream social democratic parties, as we see with the travails of parties such as the French Parti Socialiste, or the German SPD.[9]

While the US Democratic Party has its own distinct history, placing it at some distance from the mainstream currents of global social democracy, ideas of predistribution have also gained some purchase within that party, especially on its more radical wing. A January 2019 *New York Times* article by Steven K. Vogel, a political scientist based at UC Berkeley, explains the economic policies at the centre of Senator Elizabeth Warren's policy platform for her 2020 Presidential bid as itself being organised around an idea of predistribution. As the NY Times headline puts it, 'Elizabeth Warren Wants to Stop Inequality Before It Starts: Redistribution is important, but comes too late'.[10]

The idea of predistribution has therefore been seen as offering a way forward for progressive and social democratic parties of the left

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Century, edited by Henry Farrell, 90–107. Available at <http://crookedtimber.org/wp-content/uploads/2016/01/piketty-final.pdf>. See also Martin O'Neill, 'Philosophy and Public Policy after Piketty', *Journal of Political Philosophy*, 25.3 (2017), 343–375.

[9] See Thomas Piketty, *Capital et Idéologie* (Éditions du Seuil, 2019); Stephanie Mudge, *Leftism Reinvented: Western Parties from Socialism to Neoliberalism* (Harvard University Press, 2018); Wolfgang Streeck, *Buying Time: the Delayed Crisis of Democratic Capitalism* (Verso Books, 2014), Ashley Lavelle, *The Death of Social Democracy: Political Consequences in the 21st Century* (Ashgate, 2008).

[10] Steven K. Vogel, 'Elizabeth Warren Wants to Stop Inequality Before It Starts', *The New York Times*, 3 January 2019.

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and centre-left, finding a way of moving beyond political strategies that seem to have run out of steam. Patrick Diamond and Claudia Chwalisz of the think tank Policy Network, which brings together social democratic parties across the globe, go so far as to describe predistribution as offering 'a new governing prospectus for the centre-left'.[11] The idea has, indeed, been taken up by politicians from a range of European social democratic parties, as well as by politicians from the Australian and New Zealand Labor Parties.[12] Perhaps most famously, or notoriously, the idea of predistribution was invoked by former UK Labour leader Ed Miliband as a central organising theme of the Labour Party's economic policy during his leadership, with a focus on reforms to corporate governance (with worker representation on boards) and government procurement practices (to drive up wages and incentivise private sector investment in skills development).[13] Although the idea became somewhat muted in the run-up to the 2015 general election in the UK, the idea of emphasising underlying institutional changes to the economy, rather than relying on fiscal redistribution, has retained its currency as pointing a path forward in the achievement of more just societies in the decades after the end of the social democratic era.[14]

Having given a sense of the relevant background, both intellectual and political, the aim of this article is to apply some analytical rigour to the idea of predistribution, and to offer a diagnosis of whether it really does describe a distinct and coherent set of policies, to be distinguished from the more familiar forms of redistribution that have traditionally been championed by the centre-left. Only by getting a

[11] Claudia Chwalisz and Patrick Diamond, 'Predistribution: A New Governing Prospectus for the Centre-Left,' in *The Predistribution Agenda: Tackling Inequality and Supporting Sustainable Growth*, edited by Claudia Chwalisz and Patrick Diamond, (I. B. Tauris, 2015).

[12] See for example Jim Chalmers, 'Labor and the Tools of Success', in *Not Dead Yet: What Future for Labor?* by Mark Latham (Black Inc, 2013); and Penny Wong, 'Australians Shouldn't Have to Choose between Growth and Fairness', *The Guardian*, 19 May 2014.

[13] See Martin O'Neill and Thad Williamson, 'Philosophical Foundations for 'Good Capitalism'', *Renewal: a Journal of Social Democracy*, 20.1, 2012, 20–32.

[14] Ed Miliband, 'The Inequality Problem', *London Review of Books*, 38 (3), 2016, 19–20. See also Eunice Goes, *The Labour Party Under Ed Miliband: Trying but Failing to Renew Social Democracy* (Manchester University Press, 2016), and Joe Guinan and Martin O'Neill, 'The Institutional Turn: Labour's New Political Economy', *Renewal*, 26 (2), 2018, 5–16, esp. at 7.

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clear sense of what may or may not be distinctive in the idea of predistribution, and, relatedly, whether there is a fundamental distinction between predistributive and redistributive forms of public policy, can we assess whether, as some of those mentioned above might believe, the idea of 'predistribution' could serve as an important organising idea for thinking about the future of egalitarian public policy.

I shall argue that there are considerable conceptual problems with most common ways in which the contours of the idea of predistribution have been articulated, not least because it is difficult to find an unproblematic way in which to distinguish between predistributive and redistributive forms of public policy. In establishing this claim, my approach will be somewhat dialectical, starting not from an abstract conceptual foundation, but encountering the idea of predistribution *in media res*, working through some of the initially plausible but ultimately unsuccessful ways that the idea has been presented. Nevertheless, I shall argue that it is possible to rescue the idea of predistribution from the conceptual quagmire into which it might be in danger of falling, if we look to reconstruct it – again in a somewhat dialectical fashion – by first challenging and then redrawing its boundaries. This reconstruction of the idea of predistribution allows us to lay out the idea of predistribution as an important strand in thinking about the potential of a more egalitarian political economy. While my discussion will touch upon the pre-history of predistribution, I begin with the recent history of the idea.

2. The Recent Conceptual History of Predistribution: Jacob Hacker on the 'Institutional Foundations of Middle-Class Democracy'

Although one can find one or two earlier uses of the term predistribution[15], conceived as an alternative approach to standard forms of redistribution, the recent use of the term dates back to a 2011 paper delivered at the Progressive Governance Conference in Oslo by the political scientist Jacob Hacker, on 'The Institutional Foundations of Middle-Class Democracy'; Hacker has, since then, rightly come to be seen as the central and pre-eminent academic advocate of the

[15] James Robertson, 'The Future of Money: If We Want a Better Game of Life, We'll Have to Change the Scoring System', *Soundings*, 31 (2005), 118–32

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idea of predistribution.[16] In this article, Hacker is looking to draw on the lessons of his book co-authored with Paul Pierson, *Winner-Take-All Politics*[17], in terms of its implications for how progressive politicians should look to correct for the increasingly inegalitarian character of the economic settlement in the advanced industrial countries.[18]

Hacker introduces the idea of predistribution as one of three strands in his diagnosis of what had gone wrong in the past with regard to growing inequality, and therefore as an aspect of the economic situation 'crucial for grasping – and overcoming – the challenges that progressives face today'.[19] Here is his characterisation of the idea:

> 'The first feature is the role of pre-distribution. When we think of government's effects on inequality, we think of redistribution – government taxes and transfers that take from some and give to others. Yet many of the most important changes have been in what might be called "pre-distribution" – *the way in which the market distributes its rewards in the first place*. Policies governing financial markets, the rights of unions and the pay of top executives have all shifted in favour of those at the top …
>
> The moral of this story is that progressive reformers need to focus on market reforms that *encourage a more equal distribution of economic power and rewards even before government collects taxes or pays out benefits*. This is not just because pre-distribution is where the action is. It is also because excessive reliance on

[16] Jacob S. Hacker, 'The Institutional Foundations of Middle-Class Democracy,' in *Priorities for a New Political Economy: Memos to the Left,* (Policy Network, 2011), 33–38. Hacker here is using the term 'middle-class' in its sense in American English, rather than its sense in British English.

[17] Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer – And Turned Its Back on the Middle Class*, (Simon & Schuster, 2010).

[18] A caveat about my argumentative strategy: In this section and the two sections that follow, I shall put quite a degree of pressure on Hacker's attempts to give more definite shape to the intuitive distinction between predistribution and redistribution. But this is not intended as criticism of Hacker per se: he has done a great deal to develop an important public policy agenda in this area, and his ways of articulating the conceptual distinction between these kinds of policies are valuable in pointing us towards intuitively appealing, if ultimately unstable, ways of thinking about these issues.

[19] Op. cit. note 13, 35.

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> redistribution fosters backlash, making taxes more salient and feeding into the conservative critique that government simply meddles with "natural" market rewards.'[20] (*my italics*)

Hacker is giving us two reasons for switching our concern from redistribution to predistribution: (a) predistribution is simply of greater fundamental importance than redistribution, because it reflects more deep-seated features of how the economy functions – i.e. it is 'where the action is'; and (b) notwithstanding the more fundamental nature of predistribution over redistribution, it is anyway the case that there are *instrumental* reasons to turn away from traditional redistributive policies, for such policies foster 'backlash' and can be counter-productive in terms of feeding the kinds of conservative and anti-egalitarian political sentiments that undermine support for progressive or egalitarian politics. Let us call these the *fundamental* case for predistribution and the *instrumental* case. I take it that Hacker takes both considerations – fundamental and instrumental – to operate in tandem, presumably overdetermining his advice for centre-left politicians and political parties.

Before assessing the substance of either the *fundamental* or the *instrumental* case for predistribution, though, I want first to pause to ask whether this characterisation of predistribution can be seen as passing muster in terms of determinateness and coherence. Hacker's characterisation of predistribution is that it is constituted by 'market reforms that encourage a more equal distribution of economic power *even before government collects taxes or pays out benefits*'. *(my italics)* But it is not clear how we should understand that characterisation, once we begin to put some pressure on it. There are, in fact, two ways in which this characterisation might seem to be both confused and confusing, and hence two clear objections that one can make to it. I'll call these the *temporal objection* and the *Murphy-Nagel objection*, and will take them in turn.

Firstly, the temporal objection. If read in its literal sense, the talk of *before* and *after* with regard to the tax system simply does not stand up. It is not that economic activity somehow takes place within a discrete time period, with the government standing outside the economic domain while these processes take place, only stepping in at the end of each period, so to speak, in order to collect taxes and pay out benefits, so that a new discrete period of economic activity can then take place. Rather, economic activity is an endlessly ongoing process, with the government's activities as both collector of taxes

[20] Op. cit. note 13, 35.

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and payer of benefits a similarly continuous, if periodically modulating, constitutive part of that process. The temporal objection then, is that talk of 'before' and 'after' with regard to government's role in economic life, while it has a certain kind of brisk initial plausibility, is on further investigation merely mystifying.[21]

A second objection takes a step back, allowing that this temporal language of 'before' and 'after' should not be read literally. One can grant that the distinction between economic activity and government tax-and-spend should not be understood in temporal terms, because the two are always temporally intertwined, while nevertheless thinking that there is an important distinction to be made between economic activity considered on its own terms, conceptually if not temporally prior to government intervention, and the same activity taking place within the context of a regime of government tax-and-spend activity. But even if the terrain here shifts from the temporal to the conceptual, a different variant of the same kind of problem remains.

In their book *The Myth of Ownership: Taxes and Justice*, Liam Murphy and Thomas Nagel diagnose the conceptual errors embedded in the view they call 'everyday libertarianism'.[22] This is, in effect, the view that there is a domain of economic activity, free of government intervention, that has conceptual (if not temporal) priority over really existing economic activity that takes place in the presence of government tax-and-spending. This 'everyday libertarian' fallacy explains what goes wrong when an individual thinks of their pre-tax income as in some sense robustly all 'theirs', with government intervention through the tax system then conceptualised as the expropriation of something that would otherwise belong to them. As

[21] For a related discussion of the conceptual problems of temporal metaphors for thinking about the way that the state structures economic activity, see Martin O'Neill, 'Free (and Fair) Markets without Capitalism: Political Values, Principles of Justice, and Property-Owning Democracy,' in Martin O'Neill and Thad Williamson, eds., *Property-Owning Democracy: Rawls and Beyond*, (Wiley-Blackwell, 2012), 75–100, esp. 87–91.

[22] Liam Murphy and Thomas Nagel, *The Myth of Ownership: Taxes and Justice*, (Oxford University Press, 2002). For critical discussion of Murphy and Nagel's idea of 'everyday libertarianism', see Marc Fleurbaey, 'Welfarism, Libertarianism, and Fairness in the Economic Approach to Taxation', in Martin O'Neill and Shepley Orr, eds., *Taxation: Philosophical Perspectives*, (Oxford University Press, 2018), 37–59; Geoffrey Brennan, 'Striving for the Middle Ground: Taxation, Justice, and the State of Private Rights', in O'Neill and Orr, op. cit., 60–80; and Laura Biron, 'Taxing or Taking? Property Rhetoric and the Justice of Taxation', in O'Neill and Orr, op. cit., 81–97.

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Murphy and Nagel point out, what counts as somebody's property is itself defined by the full system of property rights, of which the tax system is a part. The tax system is not some alien extrusion into the property system, but a constitutive part of it. Moreover, given that an individual's market earnings will typically depend on a background of legal, social and physical infrastructure – from contract-enforcement to public roads – which itself depends on the tax system, it is not as if there exists some kind of normatively privileged possible world in which we somehow can have the benefits of the tax system without being taxed, and against which we should set the normative benchmark of our property entitlements.

Hence, what we might call the *Murphy-Nagel objection* to Hacker's initial characterisation of predistribution is that there is something confused in talk of economic distributions '*before* government collects taxes or pays out benefits' even when that *before* is understood as indicating a kind of conceptual rather than temporal priority. The mystification may be of a slightly different kind, but it persists in moving from the temporal reading of the phrase to the conceptual reading. Moreover, there would be an odd tension in Hacker's position if it were to need to make use of this kind of conceptual prioritisation of *pre-* tax-and-spend economic activity. For bear in mind that, in Hacker's *instrumental* case for the shift in focus from redistribution to predistribution, his argument is that the backlash fostered by redistributive policies feeds into 'the conservative critique that government meddles with "natural" market rewards'. In other words, the political psychology of redistribution, in which people resent the government's apparent appropriation of 'their' pre-tax income, is one that involves, and indeed reinforces, the conceptually muddled 'everyday libertarian' view to which Murphy and Nagel take exception. Given that Hacker's instrumental objection to redistributive politics is that it feeds this muddled way of thinking about the relationship between government activity and economic rewards, it would therefore be odd if Hacker's canonical characterisation of predistribution – conceived as an alternative strategy to familiar forms of redistribution – itself embedded its own version of this same kind of conceptual mistake.

3. A Better Account of Predistribution? Tax-and-Spend vs Market-Shaping

Hacker gives a broader and less mystifying characterisation of predistribution in a 2013 interview on 'The Politics of Predistribution':

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> '[Predistribution] is a very basic idea. It is that government has an enormous range of ways in which it can shape the distribution of income and opportunity in a society *that are distinct from simply taxing and providing benefits*. [...] (*my italics*)
>
> Markets are deeply shaped by government. And over the last generation markets have been shaped in ways that have benefited those at the top far more than those in the middle and bottom. If we are going to have an effective, progressive agenda for the future, *we are going to have to think about how to use these ways in which government shapes markets to pursue progressive goals*. By progressive goals I mean, first and foremost, broad growth in the economy that translates into social and economic gains for citizens across the income distribution.'[23] (*my italics*)

This is a happier, less problematic characterisation of the core of the idea of predistribution, given not in terms of what can be done *before* or *after* government tax-and-spend, but instead putting things more simply in terms of what government can do (a) 'to shape the distribution of income and opportunity' (b) 'that are *distinct* from simply taxing and providing benefits'. The characterisation of predistributive policies simply as being *distinct from*, rather than either temporally or conceptually *prior*, dismisses the two kinds of worries discussed previously. We seem therefore to have here at least a provisionally satisfactory characterisation of the idea of predistribution.

Nevertheless, it is worth noting a problem with talk of the 'ways in which it can shape the distribution of income and opportunity in a society *that are distinct from simply taxing and providing benefits*' when considered at face value, which is that there is nothing in such a characterisation that captures the idea of predistribution as a substantively progressive or egalitarian kind of policy. Consider the case of what one might call 'inegalitarian predistribution', using a semi-imaginary country that I'll call *Ukania*, as a way of illustrating the distinction between formal and substantive understandings of predistribution:

The Case of Ukania

Ukania has strong labour unions and a relatively compressed income distribution. Organised labour is politically strong when negotiating

[23] Jacob S. Hacker, Ben Jackson and Martin O'Neill, 'Interview: the Politics of Predistribution', *Renewal*, 21 (2/3), 54–64, at 54.

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with employers, keeping the capital share of national income relatively low. After a general election, a radically anti-egalitarian, 'pro-business' government enacts a range of economic policies, including reducing both current and investment spending in public services, and reducing the top rate of income tax (with this latter policy being the one to receive most attention from Ukania's political philosophers[24]). But at least as important as these changes to the tax-and-spend regime, the government also undertakes a number of measures that we might describe as instances of (formal) predistribution, which are *distinct from* changes to taxation or benefits. For example, the government makes it more difficult for workers to take industrial action, thereby weakening the bargaining power of labour unions, and makes it easier for employers to sack workers, thereby making individual workers more fearful of their economic security and less liable to indulge in industrial militancy. The effect of these (formally) predistributive policies is to reshape the power dynamics of the labour market, thereby attenuating the income distribution as managers and entrepreneurs begin to find their economic rewards accelerating away from those of ordinary workers, while also leading to a shift in the balance between labour and capital in their shares of the distribution of national income.

The case of *Ukania* shows that there is nothing in the formal idea of non-tax-and-spend government interventions in market regulation that necessarily aligns with progressive or egalitarian goals. Plenty that a government might do that is not tax-and-spend, from weakening vacation entitlements to lowering minimum wage levels, could lessen the income or opportunities of those people within the economy who were already relatively disadvantaged. Therefore, as we work our way towards a more precise characterisation of the idea of predistribution, it will be worth making a stipulation that what we have in mind is not merely predistribution in the formal sense – under which the government of Reagan and Thatcher in the US and UK could count as striking examples of effective predistributive public policy – but a more *substantive* idea of predistribution that involves the pursuit of broadly progressive or egalitarian goals. Obviously there could be different ways of spelling out the precise nature of those goals, and this is something to which we shall return later in this discussion. Hacker offers one example in talking about 'economic and social gains for citizens across the income

[24] In the vein of the discussion in G. A. Cohen's work on inequality, incentives and marginal tax rates. See op. cit. note 2.

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distribution', which one might see as a fairly minimalist characterisation of a progressive aim, leaving open the space for more ambitious rival views. But the main stipulation is that, in talking about predistribution from here onwards, it will be the substantive idea of a broadly progressive or egalitarian form of predistribution that will be in view, rather than the kind of merely formal idea of predistribution under which the regressive policies of our Ukanian example would qualify as a case of predistribution *par excellence*. This stipulation is driven by the nature of the investigation at hand: the fact that we are starting from a really-existing debate among advocates of a more progressive or egalitarian economic settlement, and that it is from that debate that the idea of predistribution has emerged.

To return to our provisional characterisation, making use of Hacker's revised definition and pre-empting the problem of merely formal forms of predistribution, we can define predistributive policies as those that pursue progressive or egalitarian ends (however precisely those are to be characterised) by means of government action *distinct from* taxing and providing benefits. This position certainly on the face of it seems clear and determinate. But I want to suggest that things get much more complicated as soon as we try to investigate the question of whether there is really an important distinction in kind between government action that involves taxation and spending, and government action that involves distinct mechanisms that shape markets and the location of *power* within those markets. The potential problem for our provisional position here is that there is a danger that the category of predistributive policies – and hence the idea of predistribution itself – may end up relying on a distinction without a real underlying difference. It is to this question that we shall now turn.

4. The Plot Thickens: the Predistributive Function of Public Services

For a paradigm case of predistribution, let's return to our semi-imaginary Ukania, and imagine the accession to power in that country of a new government which is resolutely sympathetic to labour unions and enacts a number of measures to increase union density, to make industrial action easier, and to embed the role of unions in sectoral pay bargaining, on something of the model of codetermination or *Mitbestimmung* as we see in models of Rhenish capitalism.[25]

[25] Peter A. Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, (Oxford University

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Let us imagine, as is likely, that these reforms greatly increase the bargaining power of labour relative to capital. In John Kenneth Galbraith's terms, such reforms would grant ordinary workers a form of 'countervailing power' with regard to their employers.[26] The predictable consequences of such reforms, other things being equal, would be that labour would be able to claim more of the division of the social surplus, the gap in wages between ordinary workers and their bosses would reduce, and inequality would go down. Thus we have here a clear paradigm case of predistributive public policy (in the full substantive sense).

Nevertheless, if we're interested in what governments do to shape markets, and to change the balance of bargaining power between different groups or classes within the economy, then that does not give us a special category of action that is *distinct* from taxation and public spending, but seems to *include* it, in particular when we think about redistribution through the provision of public services. Consider a different example, where the provision of public services also changes the relevant power dynamics between workers and employers. Let's call this example the Case of USania.

The Case of USania

Imagine a society in which healthcare benefits are provided in a haphazard way by an inefficient system of private insurance, with many people's access to even a minimally decent level of healthcare provision being tied to their employment status. Imagine that in such a society, against all previous expectations, a democratic socialist candidate is elected to the presidency, and that one of his or her first policy priorities is to create a national health system that ensures that all workers have access to an excellent level of universally available healthcare, provided free at the point of use through direct public provision, funded by general taxation. What would be the implications enacting this kind of policy? Well, obviously something would have to happen to the tax system in order to fund this new system, and the new system would bring benefits to many individuals who were comparatively disadvantaged by the previous system.

Press, 2001); Thomas Piketty, *Capital in the Twenty-First Century*, (Harvard University Press, 2014), 140–46.

[26] John Kenneth Galbraith, *American Capitalism: The Concept of Countervailing Power*, (Houghton Mifflin, 1952).

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No doubt there would be some general efficiency gains in moving from a splintered private market to a coherent public system of healthcare provision, and so there would be a certain amount of 'levelling up', and the removal of the deadweight loss associated with the rent-seeking private bureaucracies associated with the previous system. What there would also be, in terms of direct effects, would be a *de facto* economic transfer from those who were especially advantaged by the old system (e.g. by the unreasonable suppression of top rates of taxation) towards those relatively disadvantaged individuals who would be most advantaged by the new system.

But something else would happen as well, which would directly parallel what would happen when Ukania moved towards a more Rhenish or Nordic model of employment relationships. The bargaining power of labour would go up. When workers' access to healthcare depended directly on their employment status, and where employers had a role as gatekeepers in terms of access to more adequate and attractive health insurance plans, workers obviously had a direct incentive against 'rocking the boat' in their workplace, given that the effective costs of even a short period of unemployment could be so high. By contrast, after the enactment of our imagined National Health Service – or Medicare for All – in USania, the costs of exiting from a bad employment relationship would be much lower for workers, and hence their bargaining power against their employers would go up, in much the same kind of way as if a change had been made more directly to the regulation of that employment relationship.

The tax-funded provision of public services is not of interest to progressives or egalitarians *only* because it is directly a way of benefitting everyone at a cost that falls disproportionately on those who have more, but *also* because of second-round effects that the provision of public services can have in terms of the structure and distribution of power in economic relationships within that society. The public provision of services such as healthcare, education, and childcare, or even provision of goods such as public transportation and public parks,[27] creates the background conditions against which different groups and different sectional interests fight their corner and negotiate their economic relationships. Public provision is not just a way of

[27] Joshua Cohen, 'On Central Park', *Gilded Birds*, 2 January 2013, available at <https://gildedbirds.com/2013/01/02/joshua-cohen/>; Bonnie Honig, *Public Things: Democracy in Disrepair* (Fordham University Press, 2017). See also the Labour Party Report, *Universal Basic Services: The Right to a Good Life*, (Labour Party, 2019), available at <http://www.labour.org.uk/universalbasicservices/>.

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undertaking a transfer against the backdrop of a market with a particular kind of shape and structure, it is *also* at the same time a means of shaping markets, and changing the relative bargaining power of different groups of market actors. Therefore, if predistribution is centrally about the role of government in what we might call 'market-shaping', then there is not a relevant contrast to be drawn with a different kind of activity (imagined presumably as *purely redistributive*) that government undertakes when it goes in for the provision of public services funded by taxation. Public service provision is in general both about transferring benefits, per se, but also about shaping the background within which market transactions take place, and therefore it is misleading rather than illuminating to draw a sharp contrast, at the levels of types of policy, between policies that have a redistributive role and those that have a 'market-shaping' role.

A pessimistic diagnosis at this point is that the idea of predistribution as presented in Hacker's revised and more promising formulation ends up trading on a merely shallow distinction between different kinds of government action. If it turns out that precisely what is interesting about the predistributive effects of changes in labour regulation can also be seen at work in the classically 'redistributive' provision of public services, then we apparently do not have a way of dividing government policies that affect economic outcomes neatly into the two categories of 'redistribution' and 'predistribution'. Advocates of predistribution as the proper zone of focus for progressive or egalitarian politics, in distinction to the previous focus on redistribution, might therefore be seen as relying upon a superficial conceptual distinction that does not illuminate a deeper contrast in how policies function.

5. Power, Public Services, and a Pluralist Account of Predistribution

Stepping back from the characterisation of predistribution that has been found wanting, we should note that Jacob Hacker is, of course, fully aware of the market-shaping and power-rebalancing effects of public service provision, and does not fall into the trap of seeing such policies in purely redistributive terms, without being aware of their more 'predistributive' function. In another presentation of the core idea of predistribution, presented in a BBC Radio 4 *Analysis* programme on the subject, Hacker pursues the thought (which seems to have some intellectual kinship with the thinking of both Michael

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Walzer and T. H. Marshall[28]) that the provision of certain important public services will be valuable precisely for the reason that such provision will reduce the salience and significance of market inequalities. Here, then, is this third account of the idea of predistribution:

> 'You have to ask what are the central ways in which government can stand on the side of ordinary workers that do not involve taxing and providing benefits, and I would say that there are three. One, it means getting the macro economy right. When we're closer to full employment as an economy … we tend to get stronger wage growth across the board. *It also means making sure that even if inequality's growing in the market, it matters less in terms of some vital public services - things like healthcare, childcare*. And, finally, it means – and this is the hardest part – it means trying to make sure that in an era in which organised labour is weaker that labour still has a voice and a place. And whether that's supporting living wage campaigns, whether that means providing new opportunities for workers to have a voice outside of unions, whether it means if we privatise public services or contract out and allow all these low wage jobs to proliferate in and around the public sector, we're making our job much, much harder'.[29] (*my italics*)

Here we have a more complicated or pluralist conception of what is meant by predistribution. I take it that the idea of 'getting the macroeconomy right' and avoiding the kind of contractionary austerity associated with UK economic policy in the years following the 2008 financial crisis, is uncontroversial common ground between the advocates of different varieties of progressive political economy, whether self-avowedly 'redistributive' or 'predistributive' in character. The more interesting elements are the second and third. The idea of making sure 'that labour still has a voice and a place' looks like a canonical case of predistributive market-shaping, in ensuring, as in our Ukanian example above, that the organised power of labour can be a source of Galbraithian countervailing power within the economy. Let's call this 'labour predistribution', which I now take to be an unproblematic dimension of the idea of predistribution.

[28] Michael Walzer, *Spheres of Justice*, (Basic Books, 1984); T. H. Marshall, *Citizenship and Social Class*, (Cambridge University Press, 1950).

[29] BBC *Analysis*, 'Predistribution', 17 June 2013. Transcript available at: <http://downloads.bbc.co.uk/radio4/transcripts/20130620-analysis-predistribution.pdf>

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The most interesting case, though, is the middle one, which, rather than being a classic case of 'labour predistribution', sees the provision of public services as a central plank of predistributive public policy. What is worth noting about such policies is that the predistributive dimension of public service provision has a dual aspect. On the one hand, as in cases like our imagined USanian health service, public service provision changes the distribution of power *within* market interactions between employers and employees. But on the other hand, as Hacker points out, such public service provision, by straightforwardly making individuals less reliant on their market income to provide for the vital necessities of life, also simply reduces the salience and significance of market inequalities. Obviously these two effects are related to one another in how they function, but it is worth keeping them analytically distinct. The very same policies can be attractive to progressives and egalitarians *both* because they reallocate market power, changing the terms on which market transactions take place so as to make them more egalitarian in their outcomes, *and also* because they reduce the importance of market incomes for individuals who can also rely on non-market social entitlements. The first aspect is shared with central cases of 'labour predistribution', whereas the second element – lessening individuals' reliance on the labour market considered as valuable *not merely* because this will increase individuals' bargaining power *within* the labour market – is a distinctive variety of predistribution which could not be enacted by labour predistribution alone.

Where does this leave us? On the one hand, it is important to have a clear sense of the significance this dual aspect of predistribution, and of the non-derivative value of increasing workers' power, and lessening their vulnerability, within the labour market. This shows why it would not be plausible to circumscribe the ambit of predistributive policies so as to exclude predistributive tax-and-benefit policies. On the other hand, this seems to lead us back into our earlier conceptual difficulties, unable to identify a coherent specific category of predistributive policies, held distinct from their redistributive alternatives.

6. The Predistributive Role of Taxation and Cash Transfers

Before adjudicating on this conceptual issue, I want first to consider a potentially enlightening final proposal, which takes seriously the implications of the predistributive role of public services. The proposal is that where we should draw the distinction between predistribution and redistribution is that, whereas the former includes both market-

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shaping regulations *and* the provision of public services (which both increase workers' bargaining power in their labour market transactions *and* reduce workers' reliance on those transactions), it excludes the kinds of pure case of fiscal tax-and-transfer that are an essential element of regimes of redistribution. The case for progressives favouring predistribution over redistribution could then be recast as a case in favour of pursuing a combined strategy of market regulation *and* the provision of in-kind benefits, as opposed to pursing simple cash transfers. To assess this proposal, I want to take one clear and unambiguous example of a policy of redistributive cash transfer, and one clear example of a policy of altering top-rate income taxation. Even for such pure cases of tax-and-transfer, I will argue that on further investigation both have a dimension that is best understood as 'predistributive', such that neither policy can be fully understood in purely redistributive terms. I'll take the cases in turn.

(a) The Predistributive Case for Universal Basic Income

There could be no policy that fits more centrally under the description of redistribution than a tax-funded cash transfer, of the kind that would be paid unconditionally under proposals for an unconditional universal basic income (UBI). Such policies can be justified in different ways, by means of appeal to different foundational normative principles.[30] But it is striking that some plausible justifications for such a paradigmatically redistributive policy depend precisely on the twin 'predistributive' effects that such redistributive policies can have. The individual in receipt of a (relatively high) unconditional basic income is, by virtue of receiving that income, likely (a) to have more bargaining power in the labour market than she would otherwise have, and (b) to be less reliant on how she fares in the labour market, and hence less vulnerable to market outcomes.

Karl Widerquist, a leading defender of UBI policies, in his book *Independence, Propertylessness and Basic Income,* justifies UBI on broadly republican grounds, in terms of its giving individuals 'freedom as the power to say ''no'''.[31] Whilst this does not preclude UBI having other sources of possible egalitarian justification,

[30] See Philippe Van Parijs and Yannick Vanderborght, *Basic Income: A Radical Proposal for a Free Society and a Sane Economy* (Harvard University Press, 2017), Ch. 5.

[31] Karl Widerquist, *Independence, Propertylessness and Basic Income: A Theory of Freedom as the Power to Say No*, (Palgrave, 2013).

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perhaps more closely aligned with its directly redistributive character, this form of republican defence of UBI turns on its 'second-round' predistributive dimension. The recipient of a (relatively high) UBI will find herself more robustly secure outside of how she fares in the labour market, which may be non-derivatively valuable to her as well as being derivatively valuable in terms of this granting her greater power as an actor *within* the labour market. Where UBI is universal, and all workers are similarly situated, the bargaining power of labour over capital will increase, just in the same way as in canonical cases of 'labour predistribution'. And so here even the purest case of a redistributive policy can find justification on predistributive grounds.

(b) Predistribution and Top-Rate Income Tax: the Piketty-Saez-Stantcheva Effect

It is also significant that the justification of some forms of taxation can turn not on the role of those taxes in raising revenue for the fiscal authorities, but simply on their paradigmatically 'predistributive' effects in terms of the market bargaining-power of the best paid. This may seem surprising at first sight, given that so much of public and even academic discussion of top marginal tax rates proceeds with the unarticulated assumption that the primary function of such taxes is in their 'first-round' effects in revenue raising, hence embroiling us immediately in the over-simplified and rather short-sighted discussion of the shape of the relevant Laffer curves, and our current position with respect to them. But the indirect effects of tax are often just as important, including those that work through effects on the allocation of bargaining power.

This will be clearer if we consider what we can call the *Piketty-Saez-Stantcheva effect* of changes in top marginal rates of income taxation. In their modelling of top rates, Piketty, Saez and Stantcheva find that the determination of top rates of pay is not best understood in terms of standard marginal productivity theory. This is not only because of the formidable epistemic barriers to determining what the marginal contribution of corporate managers or other very highly paid workers actually is, at least outside of specific domains such as the entertainment industry or professional sport,[32] but also because more can be explained in terms of a 'bargaining

[32] As Thomas Piketty rather charmingly puts it in *Capital in the Twenty-First Century*, 'the theory of marginal productivity runs into serious conceptual and economic difficulties (in addition to suffering from

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model' of top pay.[33] In short, senior managers get what they can bargain their way to getting, given the behaviour of others and the prevailing social norms. When top marginal rates of income taxation are very high, with a comparatively large gap between gross and net pay at the top end of the distribution, highly paid workers will be less likely to focus on the extrinsic financial rewards of their positions, and focus more on the intrinsic rewards of prestige and authority in large organisations; conversely, when top marginal rates of taxation are lowered, and the gap between gross and net pay at the top end of the distribution falls, we see a phenomenon where competitive bargaining focuses much more on pay rates per se, thereby driving up the costs to companies of their senior managers.[34]

Hence, we get the Piketty-Saez-Stantcheva effect, whereby decreases in top marginal rates of taxation drive up not just *net* rates of top pay, but much more significantly such tax changes greatly drive up gross (pre-tax) levels of top pay as well. This is due to the ways in which these tax changes transform the bargaining situations in which top pay is determined, both in terms of the incentives held by the highly paid themselves, and in terms of background effects on social norms. What we have here, then, is another case of a putatively pure 'redistributive' policy mechanism having significant effects through what we might think of as typically 'predistributive' mechanisms. This is, so to speak, the obverse of what happens in the basic income case, where a cash transfer can drive up bargaining power; what we have here is the possibility that the imposition of a higher marginal rate of income tax would be significant not so much for its direct revenue-raising effects, but because it would significantly reduce the *de facto* bargaining power of senior and already well-remunerated managers. A classic instance of redistributive economic policy would turn out, via the best available understanding of the behaviour of the labour market, to be a paradigm case of 'labour predistribution', in which the balance of bargaining power in the labour market would be changed, reducing the existing advantages of the small cadre of super-managers and others at the very top end of the distribution of labour income.

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a certain naïveté) when it comes to explaining how pay is determined at the top of the income hierarchy'. (Piketty op. cit., 509)

[33] See Thomas Piketty, Emmauel Saez and Stefanie Stantcheva, 'Optimal Taxation of Top Labor Incomes: A Tale of Three Elasticities', *American Economic Journal: Economic Policy*, 6 (1), 2014, 230–71.

[34] Piketty op. cit., 510.

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Progressives and egalitarians may therefore have very good reasons to champion a significant increase in top rate marginal income taxation, but not only or even mainly for the standard revenue-raising reasons that are typically invoked in the justification of higher taxes on top earnings. As Piketty, Saez and Stantcheva put it, 'the optimal top tax rate increases when there are zero-sum compensation-bargaining effects'.[35] This point about the existence of zero-sum bargaining effects is of great importance, but is often overlooked. As Paul Segal points out, there is a very important, if often unacknowledged, way in which we collectively have an interest in keeping down top pay, not out of envy, or even for intrinsically egalitarian reasons, but simply because 'one way or another, the rest of us have to pay for those incomes: as workers, higher pay at the top means our salaries have to be lower; or as consumers, it raises the prices we face; or as pension-holders, it lowers share prices and profits that fund our retirement'.[36]

Hence, we return here in a different way to a version of the fundamental point about taxes made by Murphy and Nagel. Taxes are not some external intrusion into an independently operating economic system, but a constitutive part of the rules of that game; and the structure of the tax system, just as much as the structure of labour law or the array of provision of public services, affects and conditions the relative bargaining powers and positions of different groups and classes of agents within that system.

7. The Collapse of the Distinction between Redistribution and Predistribution?

Our conceptual conclusion, then, is that even this much-revised characterisation of predistribution fails to pick out a distinct *type of policy*. Or, to put things in a different way, if we were stipulatively to decide that predistribution should be understood as marking out a class of policies that particularly exclude canonically redistributive tax-and-transfer policies, then we would end up with a category of policies without any underlying coherence at the level of justification, and without any real conceptual or normative interest. There is no

[35] Piketty, Saez and Stantcheva, op. cit., 230.

[36] Paul Segal, 'The Problem of Riches', *Renewal*, 22 (3/4) (2014), 135–143, at 141. As Segal continues: "Again, since the evidence shows that excessive pay at the top does not increase the size of the pie, their ever-growing slice comes at everyone else's expense, and trimming it would leave more for the rest of us."

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interesting or deep distinction at the level of types of policy, as regards the distinction between redistribution and predistribution, given that (a) many policies have both redistributive *and* predistributive consequences, and (b) even the narrow class of pristinely 'redistributive' policies, against which the idea of predistribution was characterized by Hacker and others, can themselves have predistributive effects. There is simply no such thing as two distinct categories of policy, one marked redistribution and one marked predistribution.

Does this mean that we have simply been on a wild goose chase in thinking through the idea of predistribution, seen as an alternative to traditional forms of redistribution? Thankfully this is not the case. What we have shown is that, insofar as there is an important distinction here, it has to be with regard to the *aims and effects* of policy, rather than in terms of the nature of the policy tools or mechanisms that are used. The content of these policy aims and effects has already been touched upon above, in imagining the new USanian healthcare or Medicare service, and its potential twin roles in both reducing objectionable inequalities of power *within* market relationships, and giving individuals a secure standing *outside* of the market transactions in which they may otherwise be potentially vulnerable to a troubling degree. To get a clearer sense of these predistributive policy aims, I want very briefly to revisit a thinker whom one can see as a highly significant theorist of predistribution *avant la lettre*: the Nobel Prize winning economist James Meade. In seeing what was at stake Meade's critique of *redistribution*, we can hope to get a clear fix on what is at stake between advocates of predistribution and redistribution, now reconceived as aims or objectives of policy, rather than as distinct *kinds* of policy.

8. The Pre-History of Predistribution: James Meade on the Twin Aims of Predistribution

In his important 1964 book, *Efficiency, Equality, and the Ownership of Property*, James Meade advanced a compelling account of how wealth should be treated by institutions tasked with creating a more egalitarian economy.[37] This work has been influential both on political philosophers – especially in John Rawls's ideas of a 'property-owing democracy' – and on Meade's fellow economists, in particular through the work of Anthony Atkinson and Thomas Piketty, the

[37] J. E. Meade, *Efficiency, Equality and the Ownership of Property*, (George Allen & Unwin, 1964),

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latter of whom describes his own work as 'following in the footsteps' of Atkinson and Meade.[38]

Meade is an interesting figure in the development of thinking about predistribution not least because he was in fact sceptical about the central form of 'labour predistribution' that would be involved in bidding-up the bargaining power of labour unions through having politically stronger unions – what he described as enacting a 'Trade Union State'. His argument was that the costs in overall aggregate economic efficiency of bidding up the price of wages were unjustifiable, and hence an egalitarian economy would have to be sought by some other means.[39] His alternative to 'labour predistribution' was to change the character of the overall economic distribution, and therefore also the social relationships and distribution of power to which it would give rise, via mechanisms of what we might call 'capital predistribution'. He saw the role of the state not in merely ameliorating the poverty of those who did not inherit any of society's wealth, but in making sure that *all* citizens within a society would benefit from capital returns. This 'capital predistribution' would be achieved by a mixture of private means – the creation of 'a property-owning democracy' in Meade's terms – operating simultaneously alongside a 'socialist state' that would expand the collective, public ownership of capital through institutions akin to contemporary sovereign wealth funds (or, as Meade put it 'a national asset' or 'Citizens' Trust'). Meade described the combination of these public and private forms of capital predistribution as together bringing about a form of 'liberal socialism'.[40]

[38] Piketty op. cit., 582. See also Martin O'Neill, 'Philosophy and Public Policy after Piketty', *Journal of Political Philosophy*, 25.3 (2017), 343–375, esp. 361–5; Martin O'Neill, 'James Meade and Predistribution: 50 Years Before his Time', *Policy Network: Classics of Social Democratic Thought*, 2015, available at: <https://web.archive.org/web/20170312125656/http://www.policy-network.net/pno_detail.aspx?ID=4909&title=James-Meade-and-predistribution-50-years-before-his-time>.

[39] Meade, op. cit., 35–7.

[40] Meade, op. cit., 40–76. See also Martin O'Neill and Stuart White, 'James Meade, Public Ownership, and the Idea of a Citizens' Trust', *International Journal of Public Policy*, 15 (1–2), 2019, 21–37. Anthony Atkinson, in his final book *Inequality: What Can Be Done?* (Harvard University Press, 2015), advocates a suite of egalitarian policies, including forms of 'capital predistribution' and the creation of a public 'Investment Authority', operating as a sovereign wealth fund, that can be read as an updated development of Meade's pluralist egalitarian policy strategy. (Atkinson remarked to me that he wrote his book 'with a copy of James's book in front of me' (personal correspondence, 4 January 2016)).

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In terms of getting to the normative heart of the predistributive ideal, though, what is most striking in Meade's book is not so much the detail of his institutional proposals for 'capital predistribution', as the content of his critique of existing forms of welfare state redistribution. He did not for a moment think that redistribution was unnecessary, or that predistributive measures should entirely replace traditional tax-and-spend or tax-and-transfer policies, but his worries about the limits of the familiar mid-twentieth century welfare state are powerfully expressed, and make a clear case for why it is that a concern only for the distribution of income cannot be sufficient to create an egalitarian economic settlement, and why 'capital predistribution' must be a necessary element of a just institutional structure. Here is the key passage:

> 'Extreme inequalities in the ownership of property are in my view undesirable, quite apart from any inequalities of income which they may imply. A man with much property has great bargaining strength and a great sense of security, independence and freedom; and he enjoys these things not only *vis-à-vis* his propertyless fellow citizens but also *vis-à-vis* the public authorities. He can snap his fingers at those on whom he must rely for an income; for he can always live for a time on his capital. The propertyless man must continuously and without interruption acquire his income by working for an employer or by qualifying to receive it from a public authority. An unequal distribution of property means an unequal distribution of *power* and *status* even if it is prevented from causing too unequal a distribution of income'.[41]

The predistributive ideal involves seeing that individuals who sell their labour within the market need to be given (a) more equal bargaining power *within* the labour market, and (b) greater security, independence and freedom outside the labour market. Significantly, these goods have to be secured against both other people *and* against the state. And ultimately these goals are best understood with regard to our underlying egalitarian interest in social relations of *status* and *power*.

9. Conclusion: Power, Predistribution, and Social Justice

Predistribution is, one might say, the name for the broad set of egalitarian economic policies justified by a conception of egalitarian commitment that goes beyond a concern only with the distribution of

[41] Meade op. cit., 38–9.

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goods and money, but which is centrally concerned with status and power in economic outcomes. There is, then, a clear sense in which the idea of predistribution has an internal connection to ideas of social egalitarianism, projected into the economic domain, embodying the ambition to think about economic policy in a way that goes beyond what Iris Marion Young has called 'the distributive paradigm'.[42] The point of predistributive policies is to shape the character of economic relationships, seen as sites for the exercise of power, and this therefore runs beyond a concern only with final distributive results. The twin egalitarian aims of such policies are dispersing power within markets, and making individuals less dependent on market outcomes in the first place. These twin aims are closely related, and can often be achieved together.

It is a familiar objection directed at advocates of a political focus on predistribution, that even effective policies of predistribution would not eradicate the need for forms of redistribution, both in the form of direct cash transfers, and in the form of indirect transfers through the provision of public services funded through taxation. Obviously, the advocate of predistribution should have no argument with this objection, not least because, as we have seen in sections 4–6 above, such redistributive policies frequently have a distinctively predistributive justification. Moving away from the Hacker-type view that sees predistribution as *a kind of policy* as opposed to a kind of aim or goal, or valuable effect, helps to forestall this kind of unilluminating disagreement between advocates of predistribution and their opponents. Moreover, it should be no part of advocating predistributive public policies to think that there might not *also* be a justification for transfers or public service provision that was based on purely redistributive considerations – i.e. because one person or group is in need, or suffering some absolute level of privation, and the transfer from a relatively advantaged person or group would rectify this. After all, our concerns as egalitarians are complex, combining consideration of both how well each individual fares, and of the nature of the social relations between individuals.[43] There may also be cases where purely redistributive aims could be most efficiently enacted by means of the kinds of policy mechanisms associated with predistribution. In many cases, the same policies might be favoured by progressives and

[42] See Martin O'Neill, 'What Should Egalitarians Believe?' *Philosophy & Public Affairs*, 36.2, 2008, 119–56. On the idea of the "distributive paradigm", see Iris M. Young, *Justice and the Politics of Difference*, 2nd edition, (Princeton University Press, 2011).

[43] Scanlon, op. cit.; O'Neill, op. cit.

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egalitarians for both their redistributive and predistributive effects, operating at once but by means of distinct mechanisms. None of these cases would constitute an objection to either our characterisation of the idea of predistribution, or to the claim that progressive or egalitarian politics should treat predistribution as a central priority.

Some of the political attraction of predistribution to centre-left parties and politicians during the 2010s rested on the fact it looked like the route to a social democratic strategy for an age of austerity, in which government spending was to be severely curtailed. But taking seriously the state's role in shaping markets, or in accentuating the power of the disadvantaged, is not, as we have seen, something that can be done in isolation from thinking about the role of public services, or the role of the tax system. So the hope that a commitment to predistribution might be an egalitarian strategy 'on the cheap', or one which could somehow be pursued without political conflict with existing economic interests, is obviously an illusory one. This might also be thought to be a point that stands against Hacker's 'instrumental' defence of the focus on predistribution – that is, against the hope that the pursuit of egalitarian strategies that did not involve standard forms of redistribution might be achieved without whipping up the usual kinds of reactionary political backlash that might be expected to be faced by projects of egalitarian transformation in the economy.

What we have seen in the foregoing discussion is that there is unlikely to be a way of achieving the aims of predistribution without significant changes both to labour regulation *and* to the fiscal system, involving in particular changes to the taxation of wealth and inheritance. Such measures are unlikely to be uncontroversial, or free from political backlash, even if it is also true that some forms of predistributive public policy could, if skilfully designed, be more likely, at least in some places and at some times, to fly under the 'political radar' of anti-progressive or anti-egalitarian political forces.

Predistribution is a capacious idea. One might say that it is the name for a problem in egalitarian public policy: that is, how can we create an economy without objectionable inequalities in bargaining power, in which the status, standing and self-respect of each is protected? It is not the name for any particular solution to this pressing and difficult problem. Nevertheless, by taking seriously the idea of predistribution we open up an important agenda for thinking about egalitarian public policy, and pursing the twin aims of equalizing market power *and* making individuals' life chances less dependent on market

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outcomes. Such an agenda emphasises the point that the character of economic relationships should be at the core of our thinking about social justice.

For political philosophers, one central lesson is that, whereas the discipline has often thought a great deal about the assessment of distributive outcomes, developing a cornucopia of principles for the normative assessment of all-things-considered final distributions, we need to think more about the detailed structure and texture of economic policy, and to give more consideration and attention to the social consequences both of particular policies and institutions, and to the interactions between them. We have an urgent collective goal in thinking not just about the distributive outcomes the economy produces, but in thinking more about the particular ways in which the economy can be shaped to disempower the privileged and to empower the disadvantaged.[44]

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