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SYMPOSIUM

Patterns, Prices, and Powers: Hussain on Market Governance

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Abstract
I argue that Waheed Hussain's critique of advanced market economies would be strengthened if, rather than emphasizing how markets draw us into particular patterns of activity in a "judgment-bypassing" way, through changes in prices and wages, he focused more on an idea that he explores in the first two chapters of *Living with the Invisible Hand*: the need to justify the specific *institutional powers* that an advanced market economy creates. I examine how this suggestion relates to two of Hussain's central claims: that markets are mechanisms of *decentralized social governance*, and that they pose a distinct threat to our *freedom*.

Keywords: market economies; social governance; freedom; institutional powers; economic justice

1. Introduction

One of Waheed Hussain's many gifts as a philosopher was a keen nose for ideas that are worth pursuing. Whether he was working on a presentation, a paper, or a book, or whether he was engaging in a spirited philosophical exchange, he was typically tracking some big, bold idea that he passionately wanted to figure out. He was never one to skirt around the details; he knew how much they matter in philosophy. But he also worried that the field might have become a bit too detailed-oriented, too careful—too *bureaucratic*, as he sometimes put it.

Waheed's love of big, bold ideas is evident throughout what turns out to be, heartbreakingly, his final work: *Living with the Invisible Hand*.[1] The book's aim is to conduct a detailed philosophical investigation of markets and of how they affect our lives. You may be thinking that this is not exactly the sort of terrain on which big philosophical ideas are deployed. But take a closer look and you'll find Waheed defending a series of characteristically ambitious claims about the ways in which markets are in tension specifically with our *freedom*, and about what it would take to resolve that tension. In this respect, the discussion stems from a concern with the value of freedom that motivates most (perhaps, at a deeper level, all) of his philosophical output, going all the way back to the doctoral dissertation he completed in the mid-2000s.[2] It is anything but bureaucratic philosophy.

In his quest to figure out big philosophical ideas, Waheed was tireless. As is common in the field, his papers often went through several rounds of revisions before being published, changing considerably in the process. He never ended up in a completely different place than he had

[1]Hussain (2023). Parenthetical references throughout are to this work.
[2]Hussain (2005).

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expected—his sense of where he was headed was too good for that—but he was staunchly committed to following the arguments where they took him, and this could lead to profound changes in his view. I mention this at the outset because it informs how I read *Living with the Invisible Hand*. I see it very much as a work in progress: an important work containing deep insights, but one that did not reach the form it would have if the author's life had not been cut tragically short. I learned a great deal from the published version of the book, which was edited with admirable care by Arthur Ripstein and Nicholas Vrousalis. But one question kept coming to mind as I read it: *where would the arguments have taken Waheed in the end?*

We'll never know, sadly. But I write these remarks in the spirit of engaging with a work in progress. I point out certain aspects of the book that I do not find entirely convincing, but mainly I seek to highlight ideas that strike me as important and that might have played a more prominent role in a fully worked out version of the argument. I hope to bring out how some of the ideas presented in the book have the potential to take us beyond its official line of argument, opening the door to a more general investigation of the different ways in which we might object to the impact that markets have on our lives. And I hope to show that the reflection on the institutional powers created by the market, which occupies a central position in the book's early chapters but seems to fall by the wayside afterwards, points to a particularly promising framework in which we might conduct this more general investigation.

2. Advanced Market Economies and Freedom

Hussain's focus on the relation between markets and freedom brings to mind a familiar libertarian tradition that views markets as something of an *embodiment* of freedom. It's a simple picture: the market is just people selling things they want to sell to other people who want to buy them. Some minimal conditions must be satisfied for such transactions to count as free: sellers must really own the things they sell; buyers must really own the money they use for the purchase; and the transaction must be voluntary. But so long as all that is the case, market transactions constitute a kind of ideally free interaction among rational beings—"capitalist acts between consenting adults,"[3] as Robert Nozick famously put it.

This simple picture is, of course, too simple. Hussain pushes back against it in two ways. First, he stresses that "advanced market economies"—economic structures of the kind you find in Western Europe and North America—go far beyond the individual transactions and respect for property rights that are the stuff of libertarian daydreams. They also involve complex rights regarding contract and employment, rules of product liability, intellectual property rights, rules granting the power to create business corporations, central banks that manage the money supply, and so on (see 58; cf. 25). In short, this is not your grandparents' economic structure (or at least not your great-great-grandparents'). It may be tempting to think that isolated market transactions reflect nothing but the parties' free wills, but to think the same of the complex institutional nexus that makes up advanced market economies would be preposterous. This is Hussain's first anti-libertarian move: he shows that our economic structure is much more complex than libertarians let on—and that, accordingly, it calls for a more complex justification.

His second move is to remind us that we cannot understand what it means to live in an advanced market economy unless we take a systemic view and ask what impact such a structure *taken as a whole* has on the choices we make. When we do, we see that an advanced market economy is "a *coordination mechanism*, a way of getting ourselves organized to produce and consume things in a certain way" (56); and we find that this coordination mechanism profoundly shapes the choice situations that individuals face over time. The result is a deep shift in perspective. If you consider an individual transaction in isolation, you may think that I'm buying shoes just because I want them,

[3]Nozick (1974, 163).

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and that the store is selling them to me just because they want the money I'm willing to part with more than they want the shoes. But to understand what's really going on, you need to look at the whole system. You then see that *the entire choice situation I face* results from how the economic system operates—and that the same goes for the store owner, and indeed for anyone engaged in buying or selling goods or services.

The point is central to Hussain's outlook, and he puts it forcefully. He writes:

> The institutional features of an advanced market economy are structured in such a way as to shape what we do at work, what we do in our kitchens, and what we do on our daily commutes: the institution continuously draws us into certain patterns of production activity and consumption activity. (60)

This gives us a sense of why Hussain thinks that we should view the market, not as a straightforward embodiment of freedom, but rather as a potential—and pervasive—*threat* to our freedom. If the economic system were set up differently, we would be presented with completely different choice situations, and we would be drawn into completely different patterns of production and consumption activity. Don't we have an objection against being drawn into doing things in this way?

There is a way of construing this point that makes it uncontentious—and quite Rawlsian in spirit. Throughout the book, Hussain stresses that markets are *institutions of governance.* He means that they are much more akin to states in how they affect our lives than is generally acknowledged, and that they accordingly give rise to similar justificatory issues. He concedes that there is an important difference between the two cases: the state "involves centralized authority, while markets involve decentralized individual choices" (113). But he goes on to stress that, ultimately, "governments and markets represent two different approaches that a social coordination mechanism can use to draw citizens into and maintain a certain pattern of activity," and that they are, in this sense, "two different forms of *governance*" (ibid.).

The obvious Rawlsian way to rephrase Hussain's point would be to say, not that markets are *akin* to states precisely, but rather that keeping markets in place is part of what states do. At the most fundamental level, the thought goes, a market economy is constituted by rules and regulations that govern what people can do in the economic sphere. These rules are adopted and put in place through a complex political and bureaucratic process—and of course citizens may object to that process, or to its results, on various grounds (it may be insufficiently democratic or captured by corporate interests, say).

Essentially, this amounts to stressing that the market economy is part of what Rawls calls the *basic structure* of society—the fundamental institutional structure that also includes the constitution, the legal system, and other major social and political institutions that "taken together as one scheme … define men's rights and duties and influence their life prospects, what they can expect to be and how well they can hope to do."[4] As Rawls stresses, we are not given a choice about being subject to this structure: it is plainly beyond our control as individuals, and it shapes what we can do and who we can become in a deep and pervasive way. For these reasons, it is (in his well-known phrase) the "primary subject"[5] of a theory of justice. And since the market economy is part of the basic structure, it is also part of the primary subject of justice.

If this is how we understand the place of markets in our theory of justice, then speaking of governance, as Hussain does, should not be contentious. When the state imposes rules on everyone, it obviously engages in governance; this is true for the rules of the market as much as for other rules. So long as we shake off the libertarian illusion that the rules of the market are somehow "natural," or an embodiment of freedom, we see that the point holds. And, to return to Hussain's main concern,

[4]Rawls (1999, 6–7).
[5]Ibid., 6.

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we also see that such an imposition of rules by the state gives rise to issues of freedom broadly construed.

But Hussain wants to go further. He maintains that markets raise *distinctive* issues of freedom, not just the same general issues as the rest of the basic structure does. This is partly why he insists that the decentralized character of market governance sets it apart from state governance: he wants to highlight that markets differ from the rest of the basic structure in important ways, and that understanding their nature is crucial to seeing the distinctive problems that they raise.[6]

I share Hussain's sense that markets give rise to distinctive worries, but I would be inclined to leave it more open than he does whether these must stem specifically from the value of freedom. As he articulates it, the fundamental question the book aims to tackle is one that is narrowly focused on this value. He asks:

> How can we as a society reconcile *our commitment to freedom* with a social arrangement in which the market, along with the hierarchies that develop within it, plays a fundamental role in directing our lives? (xiii; emphasis added)

I found myself wondering at times why Hussain does not construe his inquiry in more general—and perhaps more explicitly Scanlonian—terms.[7] Why not ask a more open-ended question, such as: *given what advanced market economies are like, what they are for, and how they impact our lives, what are the different objections to their workings that must be addressed for the institutional structure they are part of to be justifiable to all?* In other words, why not inquire into our objections to the workings of the market, not just with respect to how our freedom is affected, but quite generally?

You might think that the agenda that Hussain sets for himself is enough for one book, and that in any case it makes for a more focused discussion. But whether that's the case depends on how we should understand what he calls "our commitment to freedom"—and hence on what conception of freedom is at play exactly. Here we run into complications. There is, I believe, an important ambiguity in Hussain's position on this point. Taking note of it will bring out how his narrow, freedom-focused formulation of his main question may not be as far apart as it initially seems from the more general (and more explicitly Scanlonian) formulation I put forward. Let me explain.

Contrast two levels at which I may have a complaint against an institutional structure that applies to me, and whose workings affect me regardless of what I think about the matter (as is plainly the case for the market). I may have a *specific complaint* about the impact the structure has on my life. Perhaps it treats me unfairly, or allows economic inequalities that are too great. Or again, perhaps it unduly restricts my options, or gives some people too much power over me. These specific complaints are diverse in nature. The last two have to do with freedom, although it's important to note that they invoke different aspects (or conceptions) of that value: one is about a lack of options, the other about the power that others have over me. So although they may fall under the same heading, they are not about the same thing. And of course, the first two complaints do not belong under the same heading at all: they are about values other than freedom.

Now, suppose that there are valid specific complaints against our institutional structure, and that, as a result, the structure is not justified. Then one thing that seems to follow is that the structure should not be imposed on me in its present form: it lacks the kind of justification that would make doing so acceptable. If it is imposed on me nonetheless, then I have *a higher-level, general complaint*

[6]In a way, there is something broadly Rawlsian about this line of thought too: it acknowledges that, as Rawls puts it, "the correct regulative principle for a thing depends on the nature of that thing" (ibid., 25). We must understand the nature of advanced market economies to figure out the regulative principles that apply to them, and hence to know what it would take for such a structure to be justified (rather than an unjustified imposition that threatens our freedom).

[7]I am thinking in particular of the kind of inquiry that T. M. Scanlon conducts in his work on inequality. See Scanlon (2003, 202–18) and (2018).

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about *that*—about the fact that I am subject to an unjust institutional structure. This, I take it, is a kind of complaint we have against any aspect of the basic structure that is unjust (to put the point in Rawlsian terms again). Moreover, as I suggested above, it is plausible that this kind of general complaint is about freedom broadly construed. My complaint, the thought goes, is that as a free being I should not be subject to an institutional structure unless it can be justified in the right way.

There are two crucial things to note here. First, when we say that the higher-level complaint is about freedom, *we are not using the word in the same sense* as in the specific, freedom-based complaints we saw above. What we are saying, to put the point in a broadly Hegelian tone, is that I am subject to an institutional structure with which I cannot rationally reconcile myself, a structure I lack reason to affirm. That is not the same as saying that the structure unduly restricts my options, or that it grants you too much power over me—although, of course, those specific complaints may ground the higher-level complaint. Second, although the higher-level complaint (which is about freedom in one sense) *may* be grounded in a specific complaint that is itself about freedom (in a different sense), it does not have to be. The structure may lack adequate justification because it is unfair or objectionably inegalitarian. Its imposition would then still give rise to a general complaint, and hence to an issue of freedom (in the relevant, broadly Hegelian sense); but the complaint at this higher level would arise because of specific complaints sounding in values other than freedom.

So Hussain's claim that advanced market economies are in tension with our commitment to freedom can mean different things. It can mean that advanced market economies as we know them lack justification—they do not fulfill all the requirements that they should—and that we therefore have a general complaint against having such structures imposed on us (as we would for any other unjust aspect of the basic structure). Or it can mean that we have a specific freedom-based complaint against the impact that advanced market economies have on our lives—which, in turn, can mean different things, depending on the aspect of freedom at play. How much distance there is between the general formulation of the fundamental question I proposed above and Hussain's own formulation depends on which of these claims he is making. If his focus is on the general complaint, then the door is open to considering the full range of objections we have to the workings of the market, including those that are not about freedom. That would be in keeping with my general formulation. But if the aim is to identify a specific freedom-based complaint, then he is enjoining us to focus on a subset (perhaps a particularly important or underexplored subset) of the objections that intuitively seem relevant to the justifiability of a market economy.

It's tempting to think that the latter must be what Hussain's formulation is meant to convey, as that would explain why he sees freedom as so central to his project. But the text is not always transparent on this point. When Hussain claims that advanced market economies suffer from the "potential moral defect" of authoritarianism, it does sound like he means to highlight a specific complaint: an advanced market economy is a structure that pushes us around in objectionable ways (or perhaps that enables us to push each other around in objectionable ways; see 93–97). But other aspects of his discussion point in the opposite direction—including, strikingly, the conception of freedom he explicitly articulates. He tells us that his argument is meant to focus on "one public value in particular: *the Kantian ideal of mutual respect*," which he describes as "one of several [ideals] that inform our thinking about freedom" (29).[8] You may think that this suggests a narrow focus on freedom, but he goes on to write that what the ideal requires is that "[t]he institutional order in a political community must be consistent with citizens respecting themselves and one another as free persons" (29; cf. 89, 98, and 135).[9] This just seems to amount to saying that freedom demands that

[8]Given the pluralism about freedom that the last clause suggests, I should note that this appears to be the only aspect of freedom that Hussain sees himself as concerned with in his argument.

[9]This is not the conception of freedom that is usually associated with Kant in the context of political (as opposed to moral) philosophy. Following Arthur Ripstein's influential interpretation, most people take Kant to be concerned with an ideal of freedom as *independence*—an ideal that, on its face, is quite different from the mutual respect that Hussain articulates. See Ripstein (2009, Chap. 2). Hussain emphasizes that his argument is not concerned with relations of subordination (see 90–93),

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we be subject only to institutional structures that are justifiable in the right way—which is precisely what the general complaint is about.[10]

My sense is that Hussain wanted to argue for a thesis operating on both levels: advanced market economies give rise to a general complaint—they cannot justifiably be imposed on individuals—because of a specific, freedom-based objection—that, as they currently exist, they are authoritarian. The potentially authoritarian character of these structures is essential to Hussain's thesis as he understands it: they pose a distinctive kind of threat to our freedom, not just the same general threat as the rest of the basic structure. But it is also crucial that these structures are not *necessarily* authoritarian: an advanced market economy that meets the right justificatory criteria is not authoritarian; we can accept it while respecting ourselves and one another as free persons. (That's why the book's title speaks of living with the invisible hand, not of casting it aside or chopping it off.)

This is an ambitious agenda. As I explain in the next section, I do not think the book fully lives up to it, mainly because I do not see the worry about authoritarianism as having quite the bite that Hussain claims for it. At the same time, as I mentioned at the outset, I find that other strands of his argument have rather *more* force than he lets on, to the point where I suspect that the book's overall argumentative structure would be strengthened if they were given a greater role. To explain how I come to these thoughts, I now turn to the details of the argument.

3. Three Worries about Markets

There are at least three distinct clusters of worries about markets that are emphasized at different points in *Living with the Invisible Hand.* They concern respectively:

(1) the *pattern of activity* brought about by market interactions, and whether this pattern is held properly answerable to *the full range of values* that are relevant to its assessment;
(2) how people are drawn into a certain pattern of activity through *changes in prices and wages*, depending on supply and demand, and (crucially) how this occurs in a "judgment-bypassing" way; and
(3) the specific *institutional powers* that an advanced market economy creates.

The key to understanding Hussain's contribution is to parse out the significance of these different worries for his critique of advanced market economies.

Taking the text as it stands, (1) and (2) appear to be the primary concerns: they are emphasized throughout the book, and Hussain invokes one or the other at several key junctures in his argument. By contrast, although he gives a powerful articulation of (3) in the first two chapters, after that the concern seems to get lost in the shuffle—or perhaps superseded by (1) and (2). I am not convinced that this tracks the actual significance of the three clusters of concerns for Hussain's position. If anything, I think that worries about institutional powers may well provide the firmest grounding for the kind of critique of advanced market economies that he wanted to articulate, and accordingly

but oddly he does not mention the connection between that idea and the kind of dependence on the choices of others that Kant focuses on.

[10]If this is correct, then Hussain's ideal of mutual respect turns out to be very close to the ideal of mutual recognition among self-governing beings that is at the heart of Scanlon's contractualism (see Scanlon, 1998, 162). The Scanlonian ideal demands that people act only in ways that can be justified to all, which is also how Hussain understands the ideal of mutual respect. He might disagree: he is careful to emphasize that "the Kantian ideal of mutual respect appeals to a conception of how the members of a political community should regard themselves and one another," a "pattern of regard [that] is different from a pattern of regard [such as Scanlon's ideal] that may be important even among individuals who are not members of the same political community" (29n113). But I am not sure that this shows the ideal of mutual respect to be substantively different from Scanlon's ideal rather than a particular application of the ideal to the political context.

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that they could have played a much more prominent role in the book's argument. To motivate this thought, let me first try to show how some key worries that arise under headings (1) and (2) either lack the force that Hussain takes them to have, or seem to be motivated, at a deeper level, by concerns about the institutional powers that the market creates. Then, in the next section, I'll try to bring out how his reflection on institutional powers could be seen as fundamental to his overall project.

Let us start with (1): worries concerning the pattern of activities brought about by the operations of the market, and the values to which this pattern must be held answerable. Hussain stresses that we cannot view the market simply as an aggregate of individual transactions: we must view it as an institutional structure that is imposed on society. And he insists that, for this kind of imposition to be justified, the structure must be "responsive to the full range of considerations that bear on the organization of [the relevant] domain of social activity" (120). This is not the case for advanced market economies as we know them: they are social coordination mechanisms that respond to a single value, and that are designed to do just one thing—draw people into patterns of production and consumption that are *efficient* (see 76–81). Of course, Hussain does not deny that economic production should be (among other things) reasonably efficient; this is what allows us to have access to the different things we may need or want. His point is that other values are also relevant. He mentions three in particular: distributive fairness, environmental preservation, and the protection of human rights (see 120).

It would be hard to deny that an institutional structure cannot be justified unless it is answerable to all the relevant values; and Hussain seems right to claim that values other than efficiency are relevant for our assessment of the economic structure. However, insofar as he aims to go beyond the Rawlsian picture I outlined above, this cannot be what does the work. The point here plainly falls under the heading of what I called the *general complaint*: Hussain is arguing that advanced market economies are not suitably justified, and that we therefore have a complaint about their being imposed on us. Furthermore, the specific grounds for this general complaint are *not* restricted to freedom-based considerations—as we just saw, they include values such as distributive fairness and environmental protection. So this cannot be the distinctive, freedom-based objection to markets that the book is after. The problems Hussain highlights here are undoubtedly important, but they would also arise for any other unjust aspect of the basic structure.

There is one aspect of Hussain's position on this point that stands out: it's how deep he takes the concern about answerability to all relevant values to cut in the case of the economic structure. Let me explain. One way to push back against Hussain's line of argument here would be to stress that what must be answerable to all the relevant values is not the economic structure taken in isolation, but rather that structure *as it operates in conjunction with the other parts of the basic structure.* On this view, what must answer to values beyond efficiency is not just an advanced market economy, but an advanced market economy whose effects are constrained and corrected by the rest of the basic structure. This might make room for the possibility that the market itself can be answerable to efficiency alone, so long as the rest of the basic structure ensures that the institutional structure as a whole takes full account of the demands of distributive fairness, environmental preservation, and so on.

Hussain rejects this possibility. He counters that what kinds of regulations can be effective depends on the nature of the economic structure to which they apply, and that advanced market economies are virtually impossible to constrain from the outside (see 124–30). Getting them to align with all the relevant values cannot be done simply by "embedding the market in a regulatory process and a democratic legislative process" (126). A deeper form of intervention is required, one that modifies how the market operates at a fundamental level—for instance, by requiring that management be subject to adequate oversight by worker representatives (see 193–94). This is an important and distinctive point, and it is evidently crucial to Hussain's overall outlook. But note that it does not concern the patterns of activities brought about by the operations of the market so much as the institutional powers that the economic structure creates. Basically, Hussain is arguing that if these powers are not suitably circumscribed, they will be impossible to control. This point is

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clearly aligned with the book's main argument—it has to do with the distinctive kind of decentralized governance that characterizes markets—but it really belongs under heading (3).

Turn now to (2): worries about the role of price fluctuations in drawing us into certain patterns of activities, and about the fact that this process is "judgment-bypassing." This is the point that Hussain most consistently highlights throughout the book, and that he presents as most central to his contention about the threat that markets pose to freedom. As he puts it, "economic institutions must not only draw citizens into certain patterns of economic activity; they must do so *in ways that are consistent with mutual respect*, i.e., with citizens respecting themselves and one another as free persons" (55; emphasis added). He thinks that this raises a serious problem: the way markets draw us into certain patterns of activities is, on its face, in tension with our freedom. Let me explain.

Markets get people to do things through changes in prices and wages, which themselves result from changes in supply and demand (see 67–68). If demand for a good exceeds supply, the price rises, which creates an incentive for people to produce the good. If supply exceeds demand, the reverse happens. This is a familiar process, but Hussain describes it in particularly stark terms. He says that, when the price of a good increases, people are "drawn into" a pattern of activities that involves greater production of the good in question; he even says that the whole process amounts to a "mechanism of social control" (60). When he considers the case of a worker who is inclined to slow down on her job, and who will likely get replaced unless she continues to be an efficient cog in the production machine, he writes: "Her option set changes *so as to draw her back into* a set of activities that are consistent with the overall [efficient] pattern. In this way, citizens in a market arrangement are *roped into* an enterprise whose influence on their activities is very real but more subtle and difficult to pinpoint than in a centralized system of command and control" (75; emphasis added).

Perhaps this is a bit *too* stark. The set of options that a person is presented with in the market will change over time, and it's clear that the set will tend to shrink if she starts putting less effort into her work. But being drawn into doing certain things through changes in prices and wages is not just a process that is "more subtle and difficult to pinpoint" than straight-out command; it's also much less objectionable. For one thing, it leaves people with a greater range of options. The pressures of supply and demand may present you with a choice between [be an artist; love what you do; be poor] and [be a banker; hate what you do; be rich]. Your favorite option—[be an artist; love what you do; be rich]—may not be on the table. But there is an obvious reason for this: *the preferences and choices of others must also be taken into account.* These will rule out some options that you would like to have, in the same way that your preferences and choices will contribute to ruling out some options that others would like to have. The fact remains: you are presented with a real choice, and if you can make that choice based on your own priorities, that still seems vastly preferable to having the choice made for you.

Hussain does not disagree. As he explicitly states, he is not claiming that the market simply coerces or commands us (see notably 60).[11] But he is troubled by the fact that the market draws people into a certain pattern of production and consumption activities "in a way that bypasses the

[11]There is a passage in Chapter 8 where Hussain seems intent on defending a stronger claim. He writes that what makes an advanced market economy a governance system is that it "constantly adjusts the rules" that apply to each of us "so as to maintain a configuration that is Pareto optimal" (191). This suggest that the market is effectively issuing commands, that it changes the rules *in order to get us to do certain things*. He even goes on to say, strikingly, that "[a]n advanced market economy is, in a way, analogous to a pool of quicksand," (ibid.) which suggests that the commands are irresistible.

I do not think that these claims represent Hussain's considered view. Chapter 8 is reconstituted from papers that were written several years before the rest of the book, and that Hussain did not have time to rework (see the editorial preface to the chapter at 165–66). The passages I just quoted come from a paper entitled "The Social Governance Conception of the Market" that he presented at a workshop at the University of Toronto in 2016. At the time, I suggested to him that we should not say that the market *changes the rules* that apply to us, but rather that the *context* in which we have to act (against a fixed background of rules) changes based on the market choices that other people make. My recollection is that he mostly agreed with this suggestion and conceded that he had overstated his claim. My sense is that the more nuanced position presented in the earlier, more recent parts of the book better reflect his considered view on this point.

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practical judgments of these individuals about the merits" (71) of the resulting pattern. This gets to the heart of his worry: the market does not care what my views are about what the goal of production and consumption in our society should be, or about what values those activities should be made to serve. Regardless of what I think about these matters, I will be drawn into an efficient pattern. If I try to oppose this goal, I will simply lose my job, or my business will go bankrupt.

The question is what this shows exactly. At times, Hussain seems to maintain that judgment-bypassing structures are flat-out incompatible with our freedom. Consider, for instance, the following passage:

> Respect for the value of freedom requires that a social coordination mechanism should be consistent with citizens respecting themselves and one another as free persons, each entitled to guide her activities in light of her own practical judgments. When a coordination mechanism is structured so as to maintain a certain pattern without an appropriate concern for the private judgments of individuals about the pattern, it is *authoritarian* and violates the requirements of the ideal [of freedom]. (25)

I do not think that this diagnosis of authoritarianism can be the final word on the matter. Given the sheer complexity of the economic structure of a large society, and given that this structure must be established in some form if exchange is to be possible at all, we cannot possibly grant everyone a veto right over the shape that the structure will take. If we require everyone's actual agreement to adopt a certain economic structure, we will not be able to function as a society.

It is tempting to conclude that the judgment-bypassing character of the economic structure is inevitable, and therefore that it cannot be the fundamental problem that Hussain claims it is. He does not necessarily disagree on the first count. He writes:

> Citizens in a large and complex society are usually not in a position to organize on their own their production activities and consumption activities in light of all of the relevant practical considerations. There are enormous obstacles simply to *gathering* the relevant information in real time, let alone to processing this information, conducting a deliberation, and organizing people's activities in response to a decision. An advanced market economy has the potential to make up for this deficiency in citizens' rational capacities by drawing them into a comprehensively reasonable pattern of activity on their behalf. (115)

This appears to acknowledge that setting up the economic structure in some form or other is something we must do collectively, through the state apparatus, and that there is no alternative to doing it in a judgment-bypassing way.

But then, what exactly is the problem? Hussain's view seems to be that, even if the economic structure will inevitably bypass our judgments, its doing so still means that it threatens our freedom and therefore calls for justification of a special kind. That may be correct, but it moves us away from the kind of distinctive, freedom-based objection against advanced market economies that this strand of argument seemed to be headed toward. What we have instead is a complaint similar to the one we have against any unjust component of the basic structure. After all, the various institutions that make up the basic structure are *all* judgment-bypassing in the relevant sense: they are imposed on us without our having a meaningful say in the matter. That is precisely why these institutions call for the kind of justification that a theory of justice aims to provide. Once again, then, this cannot be the distinctive problem that the book is after.

The solution to the problem of authoritarianism that Hussain articulates in Chapter 5 further supports this reading. He presents three conditions that must be satisfied for an advanced market economy to be justified, and hence for the "potential moral defect" of authoritarianism not to materialize: reason sensitivity, transparency, and trustworthiness (see 104–06 and 115–16). The idea of reason sensitivity corresponds to the point I discussed above under (1): the structure must be

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responsive to all the relevant values. To that, Hussain adds that the justification must be suitably accessible to everyone, and that all must be given sufficient reason to trust in the system's justifiability. Difficult questions arise about how these last two conditions are to be interpreted (the ideal of transparency, in particular, seems in tension with the extraordinary complexity of the economic structure that Hussain acknowledges in the longer passage I just quoted).[12] But we can set those aside here. What I want to emphasize is that there is no reason to think that the three conditions Hussain articulates are specific to the justification of advanced market economies. Insofar as they are valid for that case, they should also apply to the rest of the basic structure. For instance, it seems no less essential for the legal system to answer to all the relevant values, and to be justified in a way that is suitably transparent and trustworthy, than it is for the economic structure. What Hussain seems to be articulating in this part of his discussion is a general framework of political justification, not a justification that responds to problems raised specifically by advanced market economies. That does not diminish the interest of the justificatory framework, but it does take us in a different direction than where we initially seemed to be heading.

All this leads me to think that concerns about the judgment-bypassing character of the economic structure, or about its authoritarianism, cannot play the fundamental role in Hussain's overall argument that he intended. Here too, I believe we'll gain by looking at the issue through the lens of institutional powers. Doing so points us toward a different understanding of the problem raised by the impact that changes in prices and wages have on our choice situation—one that stresses, not the judgment-bypassing character of the process, but rather the way in which it stems from the exercise of institutional powers created by the market. The key question then becomes how the creation of such institutional powers can be justified. In this respect, the concerns that Hussain raises under heading (2) may ultimately turn on issues that belong under (3). I now consider those issues.

4. Justifying Institutional Powers

Hussain's discussion of institutional powers is, to my mind, the most underdeveloped aspect of his contribution—an important part of his overall argument, but one that does not get fully resolved in the book as it stands. In the first two chapters, you get the impression that institutional powers are central to his conception of institutions in general, and of advanced market economies in particular (see 13–14 and 45–47). But then the focus shifts to the idea that markets are *social coordination mechanisms*, even *mechanisms of social control*, and institutional powers seem to fall by the wayside. The turning point occurs at the beginning of Chapter 3, when Hussain writes that

> the institutional powers that make up a market economy play a distinctive role in a modern liberal democracy: they form an institutional mechanism for drawing citizens into a certain pattern of production activity and consumption activity. An advanced market economy is, in essence, a *coordination mechanism*, a way of getting ourselves organized to produce and consume things in a certain way. (56)

[12]Transparency requires that the economy "be structured so as to put citizens in a position to identify (at an appropriate level of generality) the pattern of activity that the mechanism is drawing them into and to assess whether this pattern is comprehensibly reasonable" (105). The idea that this requirement is to be met "at an appropriate level of generality" does a lot of work here, since it's impossible for citizens to grasp the details of the incredibly complex pattern they are being drawn into (and it's unclear why they should want to grasp those details, were it possible to do so). Even if we leave these complications aside, I am not sure that Hussain succeeds in motivating his requirement of transparency. The main example he gives to illustrate it is particularly surprising: he claims that if traffic lights in a city are programmed to draw drivers into efficient patterns of circulation, this has to be made transparent, for instance by having "the traffic system … incorporate signs to explain to drivers why the lights are timed the way they are" (106). I do not see that this kind of transparency is required (or even desirable) in such a context.

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From there, he quickly goes on to suggest that we can "put the point more forcefully by saying that an advanced market economy is a mechanism of *social control*" (60).

We seem to have two complementary perspectives: the market is constituted by various institutional powers, and these powers operate together to form a certain coordination mechanism. Unfortunately, once the claim that the market is a coordination mechanism has been made, specific institutional powers get little attention. From then on, the discussion shifts to a resolutely macro perspective: the focus is on the whole system and how it affects us. This is understandable. As we saw, one of Hussain's main goals is to show that an advanced market economy is not a "natural" structure in the sense that libertarians maintain, but rather a vast number of specific institutional choices that are imposed on individuals by the state, resulting in a complex system that has an immense influence on people's life prospects, and whose workings no one can fully grasp. But this macro perspective risks obscuring how the specific objections that people have to the workings of an uncontrolled market are very much dependent on the institutional powers that it creates (or that constitute it, to look at it from the other direction).

This last idea is clearly important to Hussain's thinking, but he does not do as much with it as you might expect. He brings out eloquently, in Chapter 1, how even buying and selling are institutional powers (see 24–25). And he stresses convincingly that an advanced market economy goes far beyond buying and selling things—that it also defines vastly more complex structures, including:

> specialized forms of property (e.g., patents and copyrights), complex investments (e.g., mortgage-backed securities), the power to set up artificial market agents (e.g., publicly traded corporations), and a monetary framework (e.g., currencies, central banks, and financial institutions). (25)

To these complex structures correspond complex—and often quite formidable—institutional powers. This made me expect the argument to move, in later chapters, toward a detailed discussion of the potential objections we have to the different institutional powers that the market creates. That would seem a productive way of investigating what is distinctive about advanced market economies. What is more, focusing on institutional powers suggests particularly illuminating ways of articulating some of Hussain's key ideas, including the claim that the market should be viewed as a decentralized mechanism of governance, which plainly holds because the market creates institutional powers that grant some actors substantial influence over others.

All this leaves me wondering what the later chapters of the book might have looked like if Hussain had retained his early focus on institutional powers. We can only imagine where this line of argument would have taken him, of course, but let me explain why the strategy strikes me as promising. Start by distinguishing four distinct levels of institutional powers that are associated with markets, going from the most robustly institutional (and large-scale) to the most personal (and small-scale):

(a) institutional powers associated with making the *large-scale political and legal decisions that keep the market economy in place* (e.g., the powers of a legislator);
(b) institutional powers associated with *monitoring, regulating, and ensuring the smooth functioning of the economic system* (e.g., the powers of those who run the US Federal Reserve Bank);
(c) special institutional powers exercised by *powerful market actors* such as CEOs or hedge fund managers;
(d) institutional powers exercised by *regular market actors* when they make personal choices about buying and selling goods or their labor.

My sense is that (c) and (d) are key to filling out what Hussain says about market governance, and also to motivating some of his main worries. But before I say more about that, let me say a quick word about why I do not think the same holds for (a) and (b).

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It goes without saying that the institutional powers falling under (a) have a tremendous influence on our lives. But although there are all kinds of legitimate worries about the institutional powers of politicians—and many hard questions about how they can be justified—they do not track anything that distinguishes markets from the rest of the basic structure. It is therefore not surprising if these powers do not feature prominently in Hussain's discussion. Indeed, I would suggest that the same logic should apply to a type of institutional power that Hussain *does* emphasize, namely, the power of individual market actors to reinforce market rules socially. He explains:

> Members take part in determining one another's conduct through a process that bypasses one another's judgment … They do this mainly by socially reinforcing the rules of the mutual adjustment structure, i.e., citing the rules, criticizing rule-breakers, and imposing sanctions for noncompliance. (98–99)

This, he suggests, is key to explaining why "a coordination mechanism that relies on a structure of mutual adjustment is potentially inconsistent with the Kantian ideal of mutual respect" (98). I am not sure I grasp how the problem of mutual respect arises here. In any case, what I want to stress is that the point does not identify a distinctive feature of markets: citing the rules and criticizing rule-breakers are things that we can do just as well with respect to other aspects of the basic structure.

Institutional powers falling under (b) are, by contrast, clearly distinctive of markets, but they still play a peripheral role in Hussain's discussion. He tends to bring up the work of market regulators or of central bankers when he wants to highlight how advanced market economies go beyond simplistic libertarian scenarios of isolated market transactions. The role of the Federal Reserve in maintaining an adequate money supply is a particularly clear illustration (see 58–59). Yet he does not really tackle the difficult questions that arise about how these formidable institutional powers should be wielded, and about what limits should be placed on them. This may be partly because these questions are already widely discussed in the literature, but no doubt it also stems from the fact that these are highly centralized institutional powers, and that accordingly they cannot account for the decentralized form of market governance that Hussain is eager to foreground.

It's really when we consider institutional powers falling under (c) and (d) that Hussain's idea of decentralized governance comes into relief. Consider first (d). Hussain is keenly alive to the fact that the choices that individuals make within the market are exercises of institutional powers (see 24–25), and he stresses how the market choices of others have an immense influence on what I can do. At times, he seems to view this as *the* distinct threat to freedom that markets pose: we are pushed to do certain things just because consumer preferences change (see Chapter 3). But as we saw in the previous section, even if this is true, it may be that this way of proceeding remains preferable to the alternatives. Moreover, there are important related concerns that should be flagged.

One concern arises when there are large inequalities in wealth (a point on which, surprisingly, Hussain has little to say). If some people have much greater market power than others as consumers—if they get to decide what will be produced because only they can pay for it—then there are legitimate concerns about the outsized role that they play. And the worry is compounded if we consider how they may get to decide what I have to do to earn a living. It's one thing if I cannot earn a living as a poet because no one likes poetry; it's quite another if it's specifically because Mr. Moneybags does not like poetry, and he's the only person whose preferences matter. In the latter case, how my life will go seems objectionably dependent on one person's choices. This plausibly constitutes a specific, freedom-based complaint in the sense outlined above. By contrast, if it's all just ordinary people voting with their hard-earned dollars—if it's "one dollar, one vote," and if dollars are distributed equally enough—then the system does not seem as objectionable.

But I do not think that Hussain would stop there. He is inclined to adopt a stance that is, in a way, radically opposed to Ronald Dworkin's well-known view of markets.[13] Let me explain. For

[13]See especially Dworkin (2000, 70).

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Dworkin, it's a great virtue of the price system that underpins market economies that it forces us to take into account the costs that we impose on others. If demand for a commodity exceeds supply, the price will tend to go up; this reflects the fact that when I acquire some, I take away something that others also want. Hussain does not deny this per se, but he draws our attention to the other side of the coin: he stresses how the market leaves us vulnerable to the aggregate choices of others. This suggests a worry about what we might call a potential *tyranny of the market majority*. Admittedly, Hussain does not articulate the worry explicitly, but it hovers in the background of some key parts of his discussion—including some striking examples he presents having to do with production and employment (at 59–60 and 117, for instance). As I read them, these examples illustrate how the aggregated market choices of others—often about matters that they take to be completely trivial—can make a huge difference to a person's employment prospects. This brings out how the price mechanism leaves us exposed to the choices of others in a particularly visceral way. This line of reasoning could be used to buttress Hussain's concerns about the kind of impact that the price mechanism has our choice situation. And here too the point could be taken to constitute a specific, freedom-based objection, although it would not be the same sort of objection as when Mr. Moneybags runs the show (being dependent on the will of one person and being subject to the slings and arrows of outrageous market fortune are distinct predicaments).

There is an echo here of a familiar line of objection to aggregative moral theories, which are often criticized for permitting (or mandating) that we deprive someone of something she badly needs in order to bring minuscule benefits to a large number of people.[14] Hussain's examples suggest that there is an analogous worry in the context of market choices—and that the worry would have much less bite if we were only consumers. This last point is important. I can only complain so much if the market will not supply what I most want because no one else wants it; we cannot reasonably ask that the market supply everything that everyone wants at a reasonable price. But it's another matter if the market allows the aggregated mindless decisions of others about trivial matters to determine what I have to do as a producer for eight hours a day, 250 days a year. I may not have the same objection as when Mr. Moneybags personally gets to decide what I have to do, but the mismatch between the triviality of the decisions made by others and the life-changing impact they have on me suggests that there is still something amiss here. If it's possible to do better, it seems that I have a valid complaint.

What can be done concretely to address this complaint is a difficult question. If there is no demand for my poetry, would it be fair to ask others to pay me to be a full-time writer? Surely, we cannot ask that our economic system allow everyone to take on their favorite line of employment; that would be much too inefficient to be sustainable. Still, we may think that individuals are entitled to more on this front than what the unregulated market provides: more in welfare benefits to fall back on when employment aligned with their abilities is not forthcoming; more in training and retraining opportunities; and more in desirable employment opportunities, so long as these are sufficiently efficient to be sustainable.[15] It would be in the spirit of Hussain's discussion to view such provisions as conditions that must be fulfilled to ensure that the institutional powers that the market grants individual actors—and, crucially, the *aggregated effects* that the exercise of these powers can have—are acceptable to all.

These are important worries about the decentralized decision-making that characterizes markets, but it's when we turn to the special institutional powers that are granted to a select few actors—the powers falling under (c)—that Hussain's concerns about decentralized *governance* really come into focus. After all, if the market is a form of decentralized governance in a meaningful sense, it

[14]See for instance Scanlon's famous transmitter-room example (1998, 235).

[15]One way to ensure that citizens are presented with a sufficiently broad range of employment opportunities is to maintain a robust public sector and to require publicly owned enterprises to create employment positions that are judged desirable (so long as they meet a minimal threshold of efficiency). I discuss this possibility in Hodgson (2021, 49–50). As I read him, Hussain advocates a more thoroughgoing overhaul of the economy, including the private sector.

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must be because it gives significant power to some people—not just the power of a regular customer, but the outsized power of a business owner or CEO.

Hussain is particularly eloquent about the case of modern CEOs. In countries such as Canada, the US, and the UK, he writes, the economic structure "effectively creates a powerful class of managers whose preferences can, under the right conditions, shape the distribution of income in society" (33). CEOs are ultimately answerable to shareholders, of course, and that constrains what they can do, but the economic power they wield still vastly exceeds that of ordinary market actors. Can an economic structure that grants this kind of power to some be justified?

On Hussain's view, that will depend on what values are served by the creation of such institutional powers, and in particular on whether *all* the relevant values are served. It will not suffice to say that the powers granted to CEOs in Anglo-American societies serve economic productivity; we need to consider the different values that such an arrangement should serve—including values such as distributive fairness, environmental preservation, and human rights. This takes us back to the concern about justification that we encountered above, but with an important twist. We now see that part of what the economic structure does—part of how it operates as a structure—is that it grants certain individuals significant institutional powers.[16] It is therefore not just the pattern we are drawn into that needs to be justified; and it's not just the fact that we are drawn into it by changes in prices, in a judgment-bypassing way; it's also, crucially, the fact that the structure that does the patterning bestows outsized powers on some people.

Hussain's argument about how difficult it is to regulate advanced market economies, which we considered briefly above under heading (1), also takes on a new dimension in light of this. Advanced market economies are hard to regulate because market actors are hard to regulate—which is the case, in turn, because of the institutional powers that the market grants these actors. This is confirmed by the factors that Hussain cites to explain why the market regulations that liberals traditionally advocate cannot be sufficient to align the economic structure with values other than efficiency (see 127–29). These factors include the epistemic limitations that regulators inevitably face because of the decentralized, varied, and complex nature of the activities that market actors engage in, and also the sheer speed at which market actors innovate (he mentions Uber and Lyft as examples). This last point about the speed of innovation is compounded by the fact that some new technologies are almost impossible to control once they have been introduced (he gives the example of genetically modified crops, which once planted will spread through wind dispersion and mix with other seeds).

I will not go into the details of this part of Hussain's discussion, but the basic idea is simple enough: powerful market actors will always be a step ahead of regulators. This means that if we try to regulate the special economic powers that the market creates from the outside, we are bound to fail; and the greater the powers, the more likely the failure.[17] Unless there is a way to address this problem, it will be impossible to align the workings of the economic structure with the values that it should serve. Those who wield special powers will remain unregulated in key respects, and the rest of us will be exposed to these unregulated powers.

Hussain did not complete the part of the book where his solution to this problem was to be laid out, but where he was headed is clear.[18] He wanted to defend a straightforward view that carries

[16]This brings out how the two perspectives I mentioned above (the focus on the economic structure as a coordination mechanism, and the focus on institutional powers) are really complementary. By focusing on institutional powers, we are not going back to the micro perspective favored by libertarians; we are seeking a deeper understanding of how the economic structure as a whole operates.

[17]Hussain mentions how "each of the major investment banks and tax firms in the United States employs thousands of legal experts whose job it is to help clients minimize their tax burdens. Constant innovation by these actors has led to a set of worldwide practices … that move an estimated *US$1 trillion annually* beyond the reach of tax codes around the world" (128). Plainly, this kind of innovation happens because of how powerful certain market actors are.

[18]As I mentioned above (see footnote 11), Chapter 8 is reconstituted from papers that were written significantly earlier than the rest of the book.

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potentially radical implications: if an institutional power cannot be controlled once created, then it must be prevented from coming into existence in the first place—or at least it must be diluted from the start. This explains why he saw the German codetermination model as particularly promising (see 193–99): he thought that bringing worker representatives into the boardroom was a good way—perhaps the best way—to ensure that the power of CEOs is kept in check from the outset, that it never grows into the nearly uncontrollable power that has become familiar in the Anglo-American world. There are difficulties with the details of this proposal (as Hussain acknowledges; see 199–200), but I find great wisdom in his pessimism about the possibility of controlling powerful market actors from the outside, through regulation. Even if the German codetermination model runs into problems, the book makes a strong case that we need to think harder about what models of this kind might look like, and about how they could allow for an economic structure that is truly responsive to the interests of all.

5. Conclusion

As I said above, I read *Living with the Invisible Hand* as a work in progress. I have tried to show here how some strands of argument might not have quite the force that the book claims for them, and how others could have been given greater emphasis and developed further. But I want to end by stressing how much there is to learn from the book as it stands, how rich it is in insights about the complex nature of advanced market economies, and about the many challenges that they present for a theory of justice. It is an extraordinarily stimulating read—perhaps even more so, in a way, for remaining unfinished, as that invites us to reflect further on the difficult issues that it raises, to see if we can reach some of the other insights that Waheed was headed for, following the arguments where they took him, with the burning passion he brought to philosophy.

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