



Freedom in Business: Elizabeth Anderson, Adam Smith, and the Effects of Dominance in Business

Gregory Robson¹ · James R. Otteson¹

Received: 8 July 2024 / Accepted: 25 August 2024
© The Author(s) 2024

Abstract

Elizabeth Anderson claims that the prevailing culture of business is one of domination. “Most workplace governments in the United States are dictatorships, in which bosses. . don’t merely govern workers; they *dominate* them” (2017, p. xxii; italics in the original). If this diagnosis is correct, then the culture of business poses a significant threat to human liberty, as each year millions of people in the employ of businesses spend hundreds or thousands of hours on the job. This essay provides a further argument supporting Anderson’s analysis, by extending her treatment of Adam Smith and drawing on his claim about the potentially mind-numbing effects on workers of extreme division of labor. Smith’s analysis, though consistent with Anderson’s, implies that the problem is more worrisome than she allows, and accordingly that Anderson’s own remedy might be insufficient. Our Anderson/Smith argument suggests that worker unfreedom might warrant more aggressive institutional remedy.

Keywords Elizabeth Anderson · Adam Smith · Culture of Business · Division of Labor · Freedom

Elizabeth Anderson has recently argued that there is a significant lacuna in our thought about human freedom. Most discussions of freedom are concerned with the role of government—its proper aims, scope, authorities, and so on. If freedom, however defined, is an important moral or political goal, then understanding how states should protect and nurture freedom is a paramount concern. Yet Anderson argues that focusing on the role government plays in human political freedom has led us to overlook a key area of life in which human beings are unfree: business. Anderson puts the point provocatively: “Most workplace governments in the United States are dictatorships, in which bosses govern in ways that are largely unaccountable to those who are governed. They don’t merely govern workers; they *dominate* them.” (2017, p. xxii; italics in the original).¹ Anderson’s use of the

¹ Unless otherwise noted, all citations to Anderson are to this work, with the relevant page(s) indicated in parentheses.

✉ Gregory Robson
grobson@nd.edu

¹ Mendoza College of Business, University of Notre Dame, Notre Dame, USA

word “governments” in connection with businesses is telling. What goes on in firms, she says, is not merely organizational or even supervisory: it is, in the relevant ways, coercive. Thus, she writes, it “is what I call *private government*”—government of employees *sans* meaningful consent (ibid.; italics in the original). Anderson is hence calling for a fundamental reorientation of our thinking about freedom and domination.

The focus on the state has, of course, a long provenance. Consider, for example, the libertarian wing of political philosophy, which sees the state as the principal threat to liberty (Nozick 1974; Lester 2000; Skoble 2008). It is the state that has a monopoly on coercive power; it is the state that enforces its laws and regulations by threatening or using violence (Huemer 2013; Brennan 2016).² Thus, if people have rights, natural or otherwise, to freedom, the state itself is the primary threat and hence the primary target of broadly libertarian concern. A corollary is that private associations, including businesses, are qualitatively different from the state. A private association cannot make you join it. A business cannot make you work for it. In both cases, you enjoy an “opt-out” or exit option: you can say “no, thank you” to any proposal or offer and go elsewhere if you choose (Hirschman 1970; Cowen 2017; Taylor 2017; Otteson 2019a; Robson 2023). Accordingly, if you voluntarily choose to join a private organization or work for a business, you *ipso facto* voluntarily accept responsibility to conform to the organization’s or business’s mission, rules, and authorities. Thus, you no longer have reasonable grounds of complaint. If you do not like your employer’s rules, you can quit and go elsewhere.³

Anderson challenges this story. She claims that businesses are like “a government that assigns almost everyone a superior whom they must obey” (2017, p. 37). And, she adds, one’s superiors “are unaccountable to those they order around” (p. 37). Anderson argues that this form of governance is “communist,” and “the control that this government exercises over its members is pervasive” (p. 38). She acknowledges the libertarian claim that people can leave a firm if they wish—“[i]ndividuals are also free to emigrate” (ibid.)—but, she says, *if* one leaves, not only is there “usually no going back” but, because most (or all) such organizations are run as “communist” dictatorships, a worker’s only real option is “to immigrate to another communist dictatorship” (ibid.). So while workers may indeed have options, they have no real alternative. It is dictatorships all the way down. Like other thinkers who focus only on the state, libertarians thus suffer, she argues, from “hemignosis,” “like those patients who cannot perceive one-half of their bodies” (p. 58). For libertarians are unable or unwilling to perceive the dictatorial nature of half (or more) of people’s economic lives: the roughly two thousand hours *every year* that millions of people work who spend 40 h per week, 50 weeks per year on the job.

In defending a further argument for Anderson’s thesis, we provide in § 1 and § 2 a fuller exposition of the value of Adam Smith’s thought in the broader quest to understand workplace degradation today. The culmination is our discussion in § 3 of the “dominance dynamic” in business. What is it? Why do Anderson and Smith oppose it? And, why must it stop? We will show why Smithian thought is perhaps the best available resource for explaining the deleterious dominance dynamic, why it pervades commercial society, and why it is often invisible, like a toxin in the air we breathe.

² Max Weber (1958, p. 78, italics in the original) famously defined the state as “a human community that (successfully) claims the *monopoly of the legitimate use of physical force* within a given territory.”

³ There are further complexities here. For example, rules of employment can change in ways to which employees have not agreed even if they agreed to the original rules.

Freedom In Anderson And Smith

Smith (1759, 1776) and Anderson (2017) provide a specific and useful lens into the broad issue of the meaning of work that scholars have addressed in diverse commercial contexts. Scholars have, for instance, examined the nature, meaning, and value of work (see Cholbi 2022) and workplace democracy (González-Ricoy 2014); whether workplace democracy is sufficient or merely necessary (Breen 2015) for republican freedom; whether capitalism (Brennan 2014) or socialism (O’Shea 2020) better secures republican freedom and overall freedom; and whether republican freedom is more than merely an absence of domination (Coffee 2015). But perhaps no one has surpassed Smith’s illuminating account (1759) of how workers form sentiments and how this contributes to their flourishing or languishing—a contribution largely ignored by recent scholarship.⁴

Anderson’s (2017) contribution to this discussion is to argue that Smith offers not only “a deeply humane vision” of political economy (p. 22) but a cautionary tale, as well, about the deleterious effects that certain business arrangements can have on workers. Given Smith’s account of how human beings develop their skills, abilities, and even their moral sensibilities and judgment, it turns out that Smith’s concerns are more worrisome than one might suspect. For they can lead to the derangement of human judgment: as Smith puts it, to a “mental mutilation, deformity and wretchedness” that can narrow the horizons of workers’ thought, constrain the preferences they can form, limit the range of options they can consider, and hence endanger their capacity of independent judgment altogether.⁵ Although Smith’s argument in *The Wealth of Nations* may indeed reflect “a deeply humane vision,” his own diagnosis of the practical realities for workers should nevertheless lead him to be skeptical about the freedom and independence that commercial society affords. If we take seriously Smith’s prediction of the severe effects of extreme division of labor on workers, we should conclude that businesses can, and often will, inhibit and stifle workers’ capacity for independent judgment. Anderson argues that workers will then be, in a word, *unfree*.

To be sure, one might resist Anderson’s account for diverse reasons such as our epistemic limits in ascertaining the extent of worker abuse society-wide (Cowen 2017; Robson 2023). We will show, however, that Smith provides key further support for Anderson’s critical central contention that what she calls the “domination” of workers by their bosses in firms can have the practical effect of rendering them unfree. This problem—which we shall call the *dominance dynamic*—might be so severe that even Anderson’s proposed remedy might fall short in addressing the problem she herself diagnoses. As we will argue, the problem of worker unfreedom, which arises as a result of sentiment malformation under the division of labor, seems to require more aggressive institutional remedy.

In the *Theory of Moral Sentiments*, Smith observes that “[w]e may often fulfil all the rules of justice by sitting still and doing nothing.”⁶ According to Smith, there are three “sacred rules of justice,” comprising protections (1) of our “life and person,” (2) of our “property and possessions,” and (3) of our voluntary agreements, contracts, and “promises”

⁴ For example, in an important literature review on “Philosophical Approaches to Work and Labor,” Cholbi (2022) mentions Smith (1776) just once and Smith (1759) not at all.

⁵ Smith 1976 (1776), p. 787. Hereafter, this work is referred to as “WN,” with the relevant page(s) indicated in parentheses.

⁶ Smith 1982 (1759), p. 82. Hereafter, this work is referred to as “TMS,” with the relevant page(s) indicated in parentheses.

(TMS, p. 84). Thus, for Smith, if no one assaults, enslaves, or kills me; if no one steals from me, trespasses upon my property, or uses or despoils my property without my consent; and if no one violates or breaches any voluntary agreement, contract, or promise made with or to me, then I am being treated justly—if not beneficently—and I am entitled to no more from my fellow citizens or from my government. Isaiah Berlin (2008 [1958], p. 173) attributes to both Smith and Locke a commitment to negative liberty, including the idea that “social harmony and progress [are] compatible with reserving a large area for private life over which neither the state nor any other authority must be allowed to trespass.”

To have “positive” freedom, in contrast, you must have—or, perhaps, someone must *provide you with*—the opportunity—and potentially the resources—required for you to fulfill what you are able to achieve. Here we encounter separate distinctions. (a) One distinction is “freedom from” interference versus “freedom to” act. The other is (b) freedom from interference versus freedom to act *effectively*, or being given opportunities or resources if needed to make such action possible. As Anderson puts it: “If you have positive freedom, you have a rich menu of options effectively accessible to you, given your resources” (2017, p. 45). On the positive view of freedom, an absence of active interference is necessary but not sufficient for you to be free. If you are in need of education, nutrition, or healthcare, for example, to achieve genuine happiness, to realize your authentic self, or to participate fully in social life or in a productive economy, then you are not fully free until you have access to those resources. A person without proper education, nutrition, or healthcare may be negatively free because not subject to injury or harm from another person; but she is not free to live her own life. Positive freedom accordingly requires more than merely being left alone. As Berlin observes (2008 [1958], p. 179), a commitment to positive freedom, which he criticizes, recognizes “that it is possible, and at times justifiable, to coerce men in the name of some goal (let us say, justice or public health) which they would, if they were more enlightened, themselves pursue, but do not, because they are blind or ignorant or corrupt.” Positive freedom can thus permit or require us to “ignore the actual wishes” of people to steer their choices in a direction that some specified “we” see as superior (p. 180). Positive liberty can also require us to redistribute our own or others’ resources to enable others to approximate more closely their “higher nature” or “‘real’, or ‘ideal’, or ‘autonomous’ self” (p. 179).⁷

To be sure, neither Anderson’s discussion of Smith on positive and negative liberty nor our own is intended to provide an exhaustive harmonization between Smith’s views and Berlin’s. Instead, the point is to show that although Berlin worries deeply about state attempts to secure positive freedom, his important distinction between (a) one’s “actual wishes” and (b) the wishes one would have if one could apprehend or realize one’s “higher nature” raises the prospect that one’s environment might alter, and indeed corrupt, one’s wishes and even one’s sense of self. And such corruption can arise precisely under the division of labor Smith describes. Meaningful workplace freedom is a form of autonomy (from the Greek “auto-nomos” for self-legislating or -ruling); while workers can be free in various ways, they will not be meaningfully free if their bosses stand ready to intervene

⁷ Berlin (2008 [1958], p. 179) worried about states’ acting oppressively on behalf of citizens’ alleged “true” selves:

[T]he real self may be conceived as something wider than the individual. . . as a social ‘whole’ of which the individual is an element or aspect. . . [and this] entity is then identified as being the ‘true’ self which, by imposing its collective, or ‘organic,’ single will upon its recalcitrant ‘members,’ achieves its own, and therefore their, ‘higher’ freedom.

and redirect their wills (read: partly rule them) at every turn. All of this is compatible, of course, with the fact that working under a boss's coercive control (in a non-physical sense of "coercion") is nontrivially different from suffering cognitive or other losses under a pervasive division of labor. One need not assume that one must share Anderson's moral concerns, and to the same degrees, to think that a Smithian account of corrupting work under the division of labor and Anderson's account of the corrupting influence of dictatorial workplace power can be mutually supportive in interesting ways.⁸

How much support, then, can Smith provide for Anderson's position that bosses are pervasively dictatorial? So far, it might seem, very little. Smith several times suggests that employers tend to be positively responsive to the needs and interests of employees. True, Smith is well aware that employers conspire and connive to tilt the economy in their own directions: "Masters are always and every where in a sort of tacit, but constant and uniform combination, not to raise the wages of labour above their actual rate" (WN, p. 84). Moreover: "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the publick, or in some contrivance to raise prices" (WN, p. 145). Still, Smith argues that it is not employers but the market to which laborers are ultimately beholden. "The real and effectual discipline which is exercised over a workman, is not that of his corporation, but that of his customers" (WN, p. 146). Smith argues that for the employer, what "restrains his frauds and corrects his negligence" is fear of losing employees or fear of losing customers (perhaps from inferior work performed by unhappy workers), which disciplines the employer and gives workers more leverage. Smith adds: "Each tradesman or artificer derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all, therefore, he is not absolutely dependent upon any one of them" (WN, p. 420). In these ways, we see that commercial society extends, rather than restricts, the independence of both customers and workers by diminishing the leverage any particular employer can have over them (Rasmussen 2008; Hanley 2009).

Wouldn't Smith disagree, therefore, with Anderson's claim that workers are "dominated" by their employers? Smith does appear leerier than Anderson of the claim that employees pervasively suffer from a "state of" small-r "republic unfreedom" in which they are subjected "to the arbitrary will of another"—that is, the will of their domineering bosses (Anderson 2017, p. 64).⁹ If republican freedom consists of "independence from arbitrary controlling power" (Coffee 2015: 46), Smith seems more optimistic that employees' opt-out options level the republican-freedom playing field, helping employees to equalize their leverage. Employers who mistreat either their employees or their customers will soon see their employees or customers leave. Because employers want employees and customers, however, employers have considerable incentive, Smith thinks, to treat both groups well.¹⁰ There is, however, more here to consider.

⁸ It would be interesting to see whether workplace data from diverse cultures support Anderson's argumentation. For similar discussion to Anderson's, see Werhane (1985) and McCall and Werhane (2010).

⁹ On republicanism in political theory, see Anderson 2018 and Pettit 1997.

¹⁰ Anderson agrees, however, with the idea that consumers check the power of firms: "in market exchanges with the butcher, the brewer, and the baker, each party's interests have standing in the eyes of the other. Each party expresses this recognition by appealing to the other's interests as a reason for him to accept the exchange" (p. 4). Anderson is concerned, though, that the industrial revolution, which took place largely after Smith's time, altered this "sunny egalitarian story" (p. 4). We argue that Smithian psychology nevertheless provides invaluable psychological machinery for an ethical diagnosis of post-Smithian production relations.

Smith on Business Unfreedom

Smith provides considerable support for Anderson's argument elsewhere in WN, especially in the discussion of how extreme division of labor truncates workers' character and intellect. As we argue in §§ 2–3, the contributions of Smith (1723–1790) remain alive and well in their application to today's evolving commercial society. Perhaps the single best way to understand the *dominance dynamic* of contemporary business is, in fact, to draw on Smith's seminal insights.

For Smith, the worker.

whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. (WN, p. 782)

The effect on such a worker? He “naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become” (ibid.). Smith goes on at some length describing such a worker's “torpor of his mind” (ibid.), his “drowsy stupidity” (WN, p. 783), and his “mental mutilation, deformity, and wretchedness” (WN, p. 787). A more strongly worded condemnation is scarcely imaginable. It is to alleviate some measure of this “mental mutilation” that Smith entertains the possibility of partial state provision of primary education—at a minimum, what is necessary to give everyone “the most essential parts of education,” namely, “to read, write, and account” (WN, p. 785).¹¹

Smith's description of what extreme division of labor does to workers is dramatic, and perhaps exaggerated—is it ever the case that a person's “*whole* life is spent performing [only] a few simple operations”? Yet, some firms are, for example, incentivized to keep workers mono-focused on single, simple tasks so as to avoid inefficient time losses in switching between tasks (cf. WN, bk. 1, Chap. 1). The gravamen of Smith's worry thus concerns what such an unnatural constriction of human behavior does to a person's character and judgment. This worker's “dexterity at his own particular trade seems, in this manner, to be acquired at the expence of his intellectual, social, and martial virtues,” until, finally, the worker “is altogether incapable of judging” (WN, p. 782). Because this cognitive truncation can be so pervasive and profound, let us look more closely at its potential effects.

Smith had argued in his *Theory of Moral Sentiments* that our moral sensibilities are not present at birth; neither are they transcendent truths awaiting to be apprehended by reason. Instead, they are learned by our interactions with others (Otteson 2002; Hanley 2009; Forman-Barzilai 2011; Weinstein 2013).¹² Smith believes, however, that all of us do have an innate desire for “mutual sympathy of sentiments” (TMS, pp. 13–16). When we see that others agree with us, or when we imagine that others would agree with us if they knew our full situations, we find this “sympathy of sentiments” pleasurable. When, by contrast, we perceive that others disagree with us, or we imagine they would disagree if they knew our

¹¹ Smith in one place indicates that by “account” he means “arithmetick” (WN, p. 777); in another, he suggests “the elementary parts of geometry and mechanics” (WN, p. 785). For discussion of Smith's proposals for provision of education, see Otteson (2024).

¹² Moral development might result from *both* grasping mind-independent moral truths and specifying their content relative to a community's circumstances. See Robson (2020, pp. 524–33) and Robson (2021) on how experiments in living help communities to learn about justice and social morality generally.

full situations, we find this discord, this “antipathy” of sentiments, unpleasant (TMS, p. 75). Our moral sentiments are formed, then, according to Smith, by repeated interactions with others, and are honed by our repeated experiences of either sympathy or antipathy. The perspective of an “impartial spectator” that we form as a final judge or adjudicator of propriety and impropriety arises from a coalescence of inductive generalizations we make on the basis of our numerous discrete experiences of judging—our observations of us judging others, of others judging us, and of others judging others (Raphael 2007).

Crucially, this means that our mature moral sentiments, and what is embodied in the perspective of an “impartial spectator”—which for Smith constitutes our very conscience itself—arises from our actual experience with others.¹³ Our peer groups thus play an out-sized role in generating for us what counts as “proper” and “improper,” what count as acceptable judgments, sentiments, and behaviors and what do not. Smith claims that this process begins when we have the uncomfortable experience of others’ judging us negatively. This first happens when we are children, he thinks. Though our parents or caregivers might have indulged our demands for satisfaction of our desires when we were infants and toddlers (TMS, pp. 40 and 143), our playfellows are not so indulgent. When we experience a negative judgment from them, we experience, not a sympathy of sentiments, but an “antipathy” (TMS, pp. 75–6), and this is accompanied by an uncomfortable feeling of displeasure. Because we naturally desire sympathy of sentiments, however—and because experiencing this sympathy is naturally pleasing to us—an experience of antipathy of sentiments triggers a desire in us to reform and adapt our judgments, sentiments, and behavior to increase the chances of achieving sympathy and avoiding antipathy. This inaugurates what Smith calls the “great school of self-command” (TMS, p. 145), which is an education in how to think, perceive, and behave so that we can achieve sympathy of sentiments with our peers.

Two elements of this Smithian process of developing moral sentiments are particularly relevant here. First, the “education” we receive results from our experiences with others, which means that it depends markedly on others’ judgments, behaviors, and sentiments. Although all humans, Smith thinks, desire mutual sympathy of sentiments, nevertheless the particular signature of sentiments any of us develops is informed—perhaps even determined—by those groups of people with whom we regularly associate. Our society and our culture might, in some larger sense, have an influence on us, but because it is difficult to achieve a meaningful sympathy of sentiments with an entire society or culture, this influence is relatively weak. The influence on us of our particular peer groups is much stronger. We tend to adopt not only the dress, the mannerisms, the sense of humor, the argot, the taste in music and books and movies and politics, and so on, of our peer groups, but, to some not insignificant degree, we also adopt their proclivities, their preferences, and even their personalities.

Second, our adoption of the personality of our peer groups over time becomes internalized. What begins as a deliberate decision to seek out ways of achieving mutual sympathy of sentiments becomes routinized into habits and conventions, and in time even default rules of behavior. We come to see our adopted sentiments not merely as contingent strategies for achieving our desired mutual sympathy of sentiments; we come indeed to see them as *correct*. Eventually, at least some of these adopted sentiments become so ingrained in us

¹³ It may be that, for Smith, both people around us and God’s eternal laws inform our consciences. This is a contested issue among Smith scholars, however. See Otteson (2002), Raphael (2007), and Oslington (2011).

that we no longer question them or view them as merely one set among other possible sets; we view them as the only proper set. They become, that is, our default, and largely unquestioned, rules of practical judgment, and we come to regard the “proper” sentiments they entail not just as derivative from our particular experience but as objectively true for all.

The Effects of Business Dominance

With his account of sentiment formation in mind (TMS), Smith worried in WN about the debilitating effects that extreme division of labor could have on workers’ mental abilities and moral character. These effects resulted, he argued, from two aspects of extreme division of labor: the repetition of tasks and the simple nature of the repeated tasks. By implication, the deleterious consequences could be alleviated or avoided by allowing workers to change tasks periodically, by adding to the number of tasks they do, or by giving them more complex tasks to accomplish, all of which would summon their creativity and innovation.

We contend that Smith’s argument from TMS can apply to workers in a way that not only extends his own discussion of the deleterious effects of extreme division of labor but also supports Anderson’s own worries.¹⁴ In particular, company leaders often create and maintain work environments in which employees suffer the deleterious consequences of a division of labor that retrains their sentiments and commands their obedience based on a felt need for employees to obey their bosses. True, many workers do not spend their whole working lives repeatedly doing only a few simple tasks. Still, adults do spend a great deal of their time “on the job”—often more time than in *any* other single activity, including sleep.¹⁵ Given Smith’s argument in TMS, this means that the conventions, mores, and culture of their business life could well have a greater effect on the continuing development of their sentiments and judgment than any other aspect of their lives. Thus if, as Anderson claims, the culture of their professional activity is one of dominance and subordination, of government and obedience, then this dynamic will affect their personalities deeply. Many workers might eventually come to believe not only that their bosses should be obeyed for prudential or strategic reasons but instead that it is *right* to obey their bosses. If so, the option of disobedience, even if (say) legally allowed, will become less salient to them, less of a real alternative. In time, it might lose its viability altogether. Some such workers might even become, *de facto* if not *de jure*, unable to conceive of themselves as equal in moral agency to their bosses, and, consciously or not, they might begin to internalize a subservient and subordinate personality. They might even *voluntarily* acquiesce in the “dictatorship” of their employers. And giving “more voice,” as Anderson suggests, to workers already substantially gripped by this injurious psychological dynamic might, unfortunately, do little to challenge the status quo relation of dominance and submission.

Consider more of what Anderson says about what we shall call the “dominance dynamic” in contemporary firms (2017, pp. 37–38):

¹⁴ Again, on the assumption that abusive boss-worker relations are all too common in business, even if it is hard or impossible to gauge just how common they are (Cowen 2017; Robson 2023).

¹⁵ According to Deloitte/Wall Street Journal 2019, as of November 2018, Americans were spending on average just over 59 h per week on “work or work-related activities.”

Although superiors give most inferiors a routine to follow, there is no rule of law. Orders may be arbitrary and can change any time, without prior notice or opportunity to appeal. Superiors are unaccountable to those they order around. They are neither elected nor removable by their inferiors. Inferiors have no right to complain in court about how they are being treated, except in a few narrowly defined cases.

So, superiors within a firm have a form of political authority over inferiors (Anderson 2017; see also Blanc 2014; McMahon 2013), which can be exercised for good or ill. From this plausible claim a natural next step is to think that when employees' securement of goods such as income and status depends critically on compliance with superiors' good (or ill) will, employees might develop an "adaptive preference" (Nussbaum 2001) to remain in such an unbalanced relationship. The particularly insidious aspect of this development is that it could be *workers themselves* who become complicit in it.

Workers could form a false consciousness in which they understand themselves as subordinate to their superiors, and thus the choices they make and the preferences they form and act on become choices they freely make—and are understood by the workers themselves *as* free choices—though they are, in fact, informed and constrained by the environments in which they spend so much time. Thus, workers may accept subservient terms of employment and inferior, obedient positions to their supervisors voluntarily, not because these choices are in their own best interests all-things-considered, but because they seem to them to be the best or appropriate choices available from within their artificially constrained option set. Applying Smithian psychology to the problem of workplace domination that exercises Anderson, we see that such workers might not even realize that they are choosing within artificially imposed constraints or even be aware of just how constrained the options are among which they are choosing. If the constraints have been in place long enough, they may be so ingrained and so internalized that workers might have difficulty crediting a person who correctly points out good alternative options outside their "Overton window" of acceptable, "proper," or even possible options.¹⁶ To be sure, the "false consciousness" that workers develop might presuppose a "true self," which Smith manifestly did not (for him the self owes principally to socialization); yet a Smithian can also recognize here a process involving a potential malformation or distortion of consciousness.

A *dominance dynamic* in business might also reinforce negative leadership traits in business leaders. Several studies have found traits of psychopathy among corporate executives and some other professionals, indicating a prevalence of psychopathy among them as much as three times as high as in the general population (Babiak and Hare 2006). Although it remains unclear whether business culture and leadership are cause, consequence, or neither of such psychopathic tendencies (Pech and Slade 2007; Boddy et al. 2010; Chiaburu et al. 2013), nevertheless if Anderson is right that the profiles of many business cultures and leaders are troublingly marked by domination and obedience, then their effects could redound not only on workers but on executives as well. Business executives might even be rewarded, financially and professionally, for exhibiting domineering personality traits, thereby creating a feedback loop that encourages such traits, and further solidifying a culture of domination among executives and subservience among workers (Boddy 2006, 2014). Thus, bosses get rewarded for dominating, and workers get rewarded for obeying. And the longer such a dynamic is in place, the more deeply will ingrained behaviors of

¹⁶ We use the term broadly here. See Mackinac Center [n.d.](#) See also Otteson 2019b.

domination and obedience become (Shin 2012), and the more the culture of business will reflect and reinforce the “dictatorships” Anderson identifies.

One central argument supporting a market economy relies on the assumption that people know their own preferences, desires, goals, opportunities, and so on better than do uninvolved third parties (Hayek 1945; Infantino 2003; Pennington 2011). As Adam Smith frames the claim: “What is the species of domestick industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him” (WN, p. 456). Yet as the discipline of behavioral economics has shown, people suffer from numerous cognitive biases that lead them to make decisions that are not, in fact, in their best interests—even as judged by themselves, or in the light of their own ends or goals (Kahneman 2011; Kahneman and Tversky 1991; Thaler and Sunstein 2009; Thaler 2015). The argument here, however, presses a related but distinct point. Not only might workers be making mistakes in reasoning, but *even if* they are making perfectly rational choices, they may be doing so under artificially limited or even counterproductive constraints. Even if workers were not biased in any of the various ways behavioral economists have been identifying, their decisions might still reflect the peculiar—and problematic—norms and conventions to which they have become acculturated. If those norms and conventions that bosses enable are, as Anderson argues, dictatorial and dominating, then workers might develop sensibilities and sentiments appropriate to such constraints—and become precisely the subservient and obedient workers that their bosses desire and the prevailing culture of business rewards. Workers may not only be dominated by their bosses but might expect and allow, or even welcome, the dominance as appropriate.

In this way, we submit that Smith’s argument about the process that *gives rise to* one’s preferences, wishes, and desires—and indeed, in a deep sense, to one’s personality—can prove much more worrisome than one might initially have thought, and perhaps even than Smith himself realized, given that his suggested remedy was merely education enabling people to read, write, and account. Not only can certain kinds of work be mind-numbing and tedious (certain jobs in garment and other factories, simple online work done repeatedly, and so on), leading to mental “torpor” and so on, but workers can also become so thoroughly socialized by the dominance dynamic that they are no longer able to envision a work life without it. They may be free in the “negative” sense that no one is actively injuring them or positively interfering with or preventing them from making choices. But they remain *unfree* because their supervisors no longer need to so interfere or prevent. Acculturated workers do it to themselves, all on their own. This dominance dynamic might be quite common, infecting in some degree a substantial proportion of the roughly thirty million firms in the United States (SBA 2021).

To say this is not to deny that business unfreedom might come in degrees.¹⁷ Although Smith wrote about conditions in firms smaller than many that Anderson describes, it is nonetheless instructive to extend Smithian thought to contemporary economies that have proportionately fewer butchers, brewers, and bakers than did economies in Smith’s era. Many workers today might have a higher degree of freedom than, say, many pin-makers in Smith’s day, who engaged in painfully dull and repetitive work. Nevertheless, as we have seen, the basic psychological machinery that Smith describes still applies, and to worrisome effect.

¹⁷ This will usually depend on, inter alia, organizational structure and management style (see, e.g., Mintzberg 2011).

Conclusion

Anderson's main task was to bring the problem of business's culture of dominance to the fore, to help cure us of our philosophical hemagnosia. "My lectures aim to expose [the] reality" of "the actual subjection of most workers to private government," Anderson writes, though she adds: "I do not propose to solve the question of what the best workplace constitution ought to be" (pp. 132, 133). Similarly, our discussion has not detailed what an appropriate remedy would entail, but we have suggested that neither Smith's suggestion of teaching workers to "read, write, and account" nor Anderson's suggestion to give already acculturated workers with vitiated judgment "voice" in the workplace would suffice.

If we care about workers' welfare, and if we wish to fulfill Smith's "deeply humane vision" of a society whose institutions are designed to enable people to lead fulfilling and flourishing lives of freedom, then this is an issue we must take seriously and address (publicly or privately) for workers who spend so much of their time in the culture of business. Becoming aware of this culture's potentially negative effects would be the necessary first step, which Anderson is right to bring to our attention. But if she is correct about the pervasively deleterious effects engendered by the oppressive cultures of many businesses, and if Smith is right about the dependence of our preferences, judgment, and even personalities on our environmental and cultural influences, then the real work required to develop appropriate institutions to address these effects is not only necessary but, alas, remains to be done.¹⁸

Open Access This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence, and indicate if changes were made. The images or other third party material in this article are included in the article's Creative Commons licence, unless indicated otherwise in a credit line to the material. If material is not included in the article's Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>.

References

- Anderson, E. 2017. *Private government: How employers rule our lives (and why we don't talk about it)*. Princeton, NJ: Princeton University Press.
- Anderson, E. 2018. *Interview with Russ Roberts*. Elizabeth Anderson on worker rights and private Government. Library of Economics and Liberty (EconTalk podcast interview). Retrieved January 11, 2022, from <https://www.econtalk.org/elizabeth-anderson-on-worker-rights-and-private-government/>.
- Babiak, P., and R.D. Hare. 2006. *Snakes in suits: Understanding and surviving the psychopaths in your office*. New York: Harper Business.
- Berlin, I. 2008. Two concepts of liberty. In *Liberty*, ed H Hardy, 166–217. New York: Oxford University Press.
- Blanc, S. 2014. Expanding workers' moral space: A liberal critique of corporate capitalism. *Journal of Business Ethics* 120: 473–488.
- Boddy, C.R. 2006. The dark side of management decisions: Organisational psychopaths. *Management Decision* 44 (9/10): 1461–1475.
- Boddy, C. R. 2014. Corporate psychopaths, conflict, employee affective well-being and counterproductive work behaviour. *Journal of Business Ethics* 121: 107–121.

¹⁸ We thank the anonymous reviewers for their generous feedback.

- Boddy, C. R., R. Ladyshevsky, and P. Galvin. 2010. Leadership without ethics in global business: Corporate psychopaths. *Journal of Public Affairs* 10(3): 121–138.
- Breen, K. 2015. Freedom, republicanism, and workplace democracy. *Critical Review of International Social and Political Philosophy* 18 (4): 470–485.
- Brennan, J. 2014. *Why not capitalism?*. New York: Routledge.
- Brennan, J. 2016. *Against democracy*. Princeton, NJ: Princeton University Press.
- Chiaburu, D.S., G.J. Muñoz, and R.G. Gardner. 2013. How to spot a careerist early on: Psychopathy and exchange ideology as predictors of careerism. *Journal of Business Ethics* 118: 473–486.
- Cholbi, M. 2022. Philosophical approaches to work and labor. *Stanford Encyclopedia of Philosophy*. <https://plato.stanford.edu/entries/work-labor/>. Accessed 15 Dec 2022.
- Coffee, A. 2015. Two spheres of domination: Republican theory, social norms and the insufficiency of negative freedom. *Contemporary Political Theory* 14(1): 45–62.
- Cowen, T. 2017. Work isn't so bad after all. In *E. Anderson, private government: How employers rule our lives (and why we don't talk about it)*, 108–116. Princeton, NJ: Princeton University Press.
- Deloitte/Wall Street. 2019. *Journal*. Work, sleep, TV. How Americans spend their days. Retrieved January 11, 2022, from <https://deloitte.wsj.com/cmo/2019/01/03/work-sleep-tv-how-americans-spend-their-days/>
- Forman-Barzilai, F. 2011. *Adam smith and the circles of sympathy: Cosmopolitanism and moral theory*. New York: Cambridge University Press.
- González-Ricoy, I. 2014. The republican case for workplace democracy. *Social Theory and Practice* 40: 232–254.
- Hanley, R. P. 2009. *Adam smith and the character of virtue*. New York: Cambridge University Press.
- Hayek, F. A. 1945. The use of knowledge in society. *American Economic Review* 35 (4): 519–30.
- Hirschman, A. O. 1970. *Exit, voice, and loyalty: Responses to decline in firms organizations, and states*. Cambridge, MA: Harvard University Press
- Huemer, M. 2013. *The problem of political authority: An examination of the right to coerce and the duty to obey*. New York: Palgrave Macmillan.
- Infantino, L. 2003. *Ignorance and liberty*. New York: Routledge.
- Kahneman, D. 2011. *Thinking, fast and slow*. New York: Farrar, Straus and Giroux.
- Kahneman, D., and A. Tversky. 1991. *Loss aversion in riskless choice. A reference-dependent model*. *The Quarterly Journal of Economics*, 106(4), 1039–1061.
- Lester, J.C. 2000. *Escape from leviathan: Liberty, welfare and anarchy reconciled*. New York: St. Martin's Press.
- Mackinac Center. (n.d.) The overton window. Retrieved January 11. 2022. from: <https://www.mackinac.org/OvertonWindow>
- McCall, J., and P. Werhane. 2010. Employment at will and employee rights. In *The oxford handbook of business ethics*, eds. T. Beauchamp and G. Brenkert, 602–627. New York: Oxford University Press
- McMahon, C. 2013. *Public capitalism: The political authority of corporate executives*. Philadelphia, PA: University of Pennsylvania.
- Mintzberg, Henry. 2011. *Managing*. San Francisco: Berrett-Koehler Publishers.
- Nozick, R. 1974. *Anarchy, state, and utopia*. New York: Basic Books.
- MC, Nussbaum. 2001. Adaptive preferences and women's options. Symposium on amartya sen's philosophy. *Economics and Philosophy* 17: 67–88.
- O'Shea, T. 2020. Socialist republicanism. *Political Theory* 48(5): 548–572.
- Oslington, P. ed. 2011. *Adam Smith as Theologian*. New York: Routledge.
- Otteson, J. R. 2002. *Adam Smith's marketplace of life*. New York: Cambridge University Press.
- Otteson, J. R. 2019a. *Honorable business: A framework for business in a just and humane society*. New York: Oxford University Press.
- Otteson, J. R. 2019b. Escaping the social pull: Nonconformists and self-censorship. *Society* 56: 559–568. <https://doi.org/10.1007/s12115-019-00416-y>
- Pech, R. J., and B. W. Slade. 2007. Organisational sociopaths: Rarely challenged, often promoted. *Why? Society and Business Review* 2(3): 254–269.
- Pennington, M. 2011. *Robust political economy: Classical liberalism and the future of public policy*. Cheltenham: Edward Elgar.
- Pettit, P. 1997. *Republicanism: A theory of freedom and government*. Oxford, England: Clarendon Press.
- Raphael, D. D. 2007. *The impartial spectator: Adam Smith's moral philosophy*. New York: Oxford University Press.
- Rasmussen, D. C. 2008. *The problems and promise of commercial society: Adam Smith's response to Rousseau*. University Park: Pennsylvania State University Press.

- Robson, G. 2020. Two underappreciated reasons to value political tradition. *Journal of Value Inquiry* 54: 519–538.
- Robson, G. 2021. The rationality of political experimentation. *Politics Philosophy & Economics* 20: 67–98.
- Robson, G. 2023. How to object to the profit system (and how not to). *Journal of Business Ethics* 188: 205–219.
- SBA Office of Advocacy. 2021. 2021 small business profile. Retrived from <https://advocacy.sba.gov/2021/08/30/2021-small-business-profiles-for-the-states-the-district-of-columbia-and-theu-s/>.
- Shin, Y. 2012. CEO ethical leadership, ethical climate, climate strength, and collective organizational citizenship behavior. *Journal of Business Ethics* 108: 299–312.
- Skoble, A. 2008. *Deleting the state: An argument about government*. Ill.: Open Court: LaSalle.
- Smith, A. 1976 [1776]. *An inquiry into the nature and causes of the wealth of nations*, eds. Campbell, R. H. & Skinner, A. S. Indianapolis: Liberty Fund.
- Smith, A. 1982 [1759]. *The theory of moral sentiments*, eds. Raphael, D. D. & Macfie, A. L. Indianapolis: Liberty Fund.
- Taylor, R. S. 2017. *Exit left: Markets and mobility in republican thought*. New York: Oxford University Press.
- Thaler, R. H. 2015. *Misbehaving: The making of behavioral economics*. New York: Norton.
- Thaler, R. H., and C. Sunstein. 2009. *Nudge: Improving decisions about health, wealth, and happiness*. New York: Penguin.
- Weber, M. 1958 [1919]. *Politics as a vocation*. In (eds. and trans. H.H. Gerth and C. Wright Mills), *From Max Weber: Essays on Sociology*, 77–128. New York: Oxford University Press.
- Weinstein, J. R. 2013. *Adam Smith's pluralism: Rationality, education, and the moral sentiments*. New Haven: Yale University Press.
- Werhane, P. H. 1985. *Persons, rights, and corporations*. Englewood Cliffs, N.J.: Prentice-Hall.

Publisher's Note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Gregory J. Robson is Associate Research Professor in the Mendoza College of Business at the University of Notre Dame.

James R. Otteson is the John T. Ryan Jr. Professor of Business Ethics, Honors Program Faculty Director, and Concurrent Professor of Political Science in the Mendoza College of Business at the University of Notre Dame.