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## **The Dominating Effects of Economic Crises**

*Forthcoming in Critical Review of International Social and Political Philosophy.*

*This article argues that economic crises are incompatible with the realisation of non-domination in capitalist societies. The ineradicable risk that an economic crisis will occur undermines the robust security of the conditions of non-domination for all citizens, not only those who are harmed by a crisis. I begin by demonstrating that the unemployment caused by economic crises violates the egalitarian dimensions of freedom as non-domination. The lack of employment constitutes an exclusion from the social bases of self-respect, and from a practice of mutual social contribution crucial to the intersubjective affirmation of one's status. While this argument shows that republicans must be concerned about economic crises, I suggest a more powerful argument can be grounded in the republican requirement that freedom must be robust. The systemic risk of economic crisis constitutes a threat to the conditions of free citizenship that cannot be nullified using policy mechanisms. As a result, republicans appear to be faced with the choice of revising their commitments or rejecting the possibility that republican freedom can be robustly secured in capitalist societies.*

### **Introduction**

Economic crises inhibit the possibility of realising freedom as non-domination in capitalist societies. The insecurity these crises engender prevents individuals from acting as free citizens conscious of the guaranteed protection of their legal status, and the conditions of that status. This insecurity affects all citizens, even those who never experience a crisis, or who benefit from their occurrence. While republican interest in the question of what the economic conditions required, and the economic commitments entailed, by the conception of freedom as non-domination might be has increased, the compatibility of republicanism with capitalist society on a more fundamental level has received less attention. Instead, recent – if not historical - discussion has focussed on features of contemporary capitalism, such as large material inequalities and the arbitrary power of employment relations, that conflict with central republican commitments. My argument indicates that the republican discomfort runs deeper; economic crises – in the form of fluctuations of the capitalist business cycle - must be eradicated for freedom as non-domination to be secured.

Few economic or political events can match the capacity of economic crises to alter the course and prospects of individuals' entire lives and, in globally interconnected and highly financialised economies, to extend this capacity over a vast number of people. Individuals may be affected in a variety of ways, commonly including financial impacts such as loss of employment, the devaluation of savings, home repossession and bankruptcy. The consequences of each of these can be severe and long-lasting, including, for example, irreparable damage to a person's health and economic prospects. On a larger scale, crises can erase economic output to the tune of trillions of dollars, leading to reductions in tax revenue and spending on public services. Despite the major impact of such crises on individuals, corporations, and states, political philosophers have given them scant attention.<sup>1</sup> For republicans, at least, this is a mistake. In this paper, I argue that economic crises inhibit the possibility of realising robust freedom as non-domination in capitalist societies. Republicans have the theoretical apparatus to articulate an important way in which economic crises undermine freedom, but the republican conception of freedom as non-domination is itself vulnerable to this threat.

The frequency of crises suggests we should locate the source of these fluctuations in the everyday operation of capitalist economies, rather than in external factors such as ill-judged state intervention. Wesley Clair Mitchell, an economist who wrote about the business cycle in the early 20th century, argued that 'as business cycles have continued to run their round decade after decade in all nations of highly developed business organization, the idea that each crisis may be accounted for by some special cause has become less tenable' (Mitchell, 1913, 7). For Mitchell it had become a point of 'substantive agreement' in the literature that crises are a part of the ordinary functioning of the business cycle of capitalist economies - a point that has gained renewed credence over the past decade (Gordon, 2012; Reinhart & Rogoff, 2011; Scherer, 2012). Schumpeter makes the same point in a different vein, arguing that crises are a necessary means by which the economy is restructured in the pursuit of more profit as firms restructure and new innovations become more widely available (Schumpeter, 1927, 287; 2003, 40-4). It is well beyond the scope of this paper to provide a full explanation of the causes of economic crisis, with the claim merely that these crises are endogenous to the business cycle.<sup>2</sup> To reject the argument that the insecurity associated with the risk of crises

violates the robustness requirement of freedom as non-domination, though, one must reject the further claim that crises will inevitably emerge as a result of the complexities and ever-changing terrain of economic policy-making. Even when policies that reduce their frequency and power are implemented, crises are not eradicated, and the insecurity generated by their possibility remains (albeit in a less severe form).

Before proceeding with the argument, I will briefly set out some central features of the republican conception of freedom as non-domination. Having done this, I will then argue that economic crises pose a threat to freedom of this kind (section 2). In this section I advance a narrow argument – that the unemployment produced by economic crises disrupts the egalitarianism of freedom as non-domination – which invokes only one feature of economic crises – unemployment - and one central part of the republican theoretical framework – freedom. I do this to establish that even ecumenical republican accounts are vulnerable to the effects of these crises, which strike at the theoretical core of contemporary republican thought. In section 3, I advance a more ambitious argument, that the threat of economic crises constitutes a constant source of insecurity that rules out the possibility of robust freedom as non-domination. This argument constitutes a far more substantial problem for republican theorists who want to retain a commitment to the market economies to which this risk is inherent. Finally, in Section 4 I assess the success of this argument from insecurity, and consider what the consequences of this argument might be for republican theory more broadly.

### **Section 1: Republicanism recapitulated**

The theoretical core of contemporary republican theory is the conception of freedom as non-domination.<sup>3</sup> The chief threat to one's freedom, on this account, is not interference per se, but subjection to the possibility of arbitrary interference. When another person or agency has the power to interfere in the exercise of my basic liberties without consideration of my views or interests, I will not be able to act entirely freely, with the constant threat of interference policing my behaviour. To be free from domination does not require the absence of interference - in fact, some forms of interference are constitutive of this kind of freedom. The restrictions imposed by a just and legitimate law do not erode my freedom, they provide me

with the security to act without fear of arbitrary interference. To be free from domination I must be protected robustly from the possibility of arbitrary interference in the exercise of my basic liberties. This protection will in part be provided by legal protections, such as the rule of law and legal citizenship, but will also require the regulation of the distribution and relationships of power among private citizens. It will be robust insofar as it extends across a limited range of possible worlds, covering variations in the moods and preferences of other actors and various other social contingencies. In contrast to conceptions of freedom as non-interference, then, the republican conception is directly concerned with the social distribution of power.

We can describe freedom as non-domination as inherently egalitarian for this reason. This egalitarianism is not merely a condition for the realisation of non-domination, but an internal feature of the conception of freedom itself. Freedom from non-domination is a social conception. My freedom is not merely a function of my own powers, but depends on those of others around me. This is most clear in cases where other citizens accumulate a great deal of wealth or power. But my freedom is also derogated when other citizens are subject to domination of a kind I am also vulnerable to. Each citizen's freedom is enhanced by the promotion of the freedom of other citizens to exercise their basic liberties without subjection to an arbitrary will.

This egalitarianism is woven into another characteristic feature of the republican account of freedom - civic virtue. Civic virtue is most often associated with the role citizens play in supporting and maintaining the political institutions of the state, with particular emphasis on participation in democratic institutions. But republicans also rely on civic virtue to regulate the way citizens relate to each other, as well as to the state. The status of citizenship has an intersubjective quality that can only be constituted when one is treated in a certain way by others. As such, republican citizens who treat each other with the regard expected bolster each other's ability to act freely by relating to each other as equals worthy of certain treatment and with the ability to make claims on each other. Some republicans have articulated this kind of relationship as a form of civic ethos that guides citizens in their treatment and perception of each other, and in their action towards the state (Garrau & Laborde, 2015; White, 2003). When these kinds of relationships are threatened - by

inequalities of wealth or power, or social fragmentation - republicans will view those threats as obstacles to freedom as well as equality.

## **Section 2: Crisis and Republican Egalitarianism**

As I have already indicated, increased unemployment is one of the most significant features of economic crises. It has a profound impact on individuals affected, on those in insecure jobs, and on society as a whole. Clearly, mass unemployment can have substantial economic effects, increasing the cost of state welfare measures while reducing tax intake and economic output (Bell & Blanchflower, 2009, 17; Sen, 1997, 161). This can lead to disproportionate burdens being placed on vulnerable groups, in particular when governments reduce their spending on welfare support and regional or sectoral investment. For the individuals who lose their jobs, the impact can often be catastrophic. In addition to the obvious loss of income and status, people can lose their sense of self-worth and purpose. Unemployment is linked to reduced health outcomes, life expectancy, happiness, mental health and self-esteem (Bell & Blanchflower, 2009). As a result, important relationships can fall apart, leading to social exclusion. For many people, being made unexpectedly unemployed may be the most traumatic event of their life. There is an increased likelihood of this if that loss occurs during an economic crisis. Those made unemployed during a crisis are disproportionately young, and the spells of unemployment they suffer tend to be longer-term (Bell & Blanchflower, 2011; Choudhry et al, 2010; Verick, 2009). Long-term youth unemployment can be a ‘permanent scar’, associated with loss of income and earning potential over the course of one’s entire life (Ellwood, 1982; Bell & Blanchflower, 2009, 19).<sup>4</sup> On a mass scale, this can result in whole ‘lost generations’, whose lack of economic opportunity upon entering the labour market cannot be compensated later on in life. These are all compelling reasons to be concerned about the unemployment caused by economic crises. Within a republican framework, a variety of additional reasons may present themselves – that unemployment constitutes a failure of civic duty, or reduces a citizen’s capacity to participate in political life, are just two possibilities.<sup>5</sup> As my argument in this section seeks to establish the significance of this unemployment for *all* neo-republicans, I will focus on only one, more conceptually

foundational, element of this framework. This is the egalitarian dimension of freedom as non-domination.

To see whether these are threatened by economic crises, we must first delineate the nature of this egalitarianism more specifically. Rather than setting out a comprehensive framework, I will focus on two relatively uncontroversial egalitarian commitments shared by republicans. First, republicans are concerned with ensuring equal non-domination (Pettit, 2012, 5). All citizens must have a realm of choices within which they are protected from arbitrary interference. Other inequalities are permissible or impermissible based on their bearing on this condition. Second, republicans are committed to the cultivation of civic virtues that collectively constitute a civic ethos that support the laws and provide each citizen with the intersubjective assurance of their status (Pettit, 2012, 5). The maintenance of the conditions of non-dominated citizenship requires that citizens be attentive to threats of domination and supportive of those institutions and laws constitutive of freedom. The development of these civic virtues will have an institutional basis, engendered and embodied in public institutions and practices. I will argue that one of the most common features of economic crises, unemployment, threatens both of these commitments. I begin by showing how unemployment disrupts the equality of non-domination, as those unemployed are excluded from accessing crucial resources.

### ***Material Resources***

Although neo-republicans are concerned with material *equality* only insofar as inequality provides opportunities for domination, further material conditions of freedom as non-domination can be identified. One of the most straightforward of these is that to be free from domination all citizens must have access to certain basic resources, and that in order for this freedom to be robust, that access must be guaranteed (Pettit, 2012, 83). As citizens, individuals have a right to these goods, including food, shelter, safe water, and so on (Swan, 2012, 445). Citizens will also have a right to those goods that have come to be seen as signifiers of social membership or standing. In the 18<sup>th</sup> century, for instance, Adam Smith (1776, V.2.148) identified a linen shirt and leather shoes as symbols of public standing necessary for ‘creditable people, even of the lowest order’. Although modern examples will

differ – Scanlon (2018, 30) suggests having an address and credit card may play a similar role today - all societies will have some goods that play this role, and the rights of citizens must extend over them in order for them to act and be seen as citizens.

The loss of income associated with the unemployment that some suffer during crises directly and immediately threatens the ability of individuals to access these resources. For most people, employment is their main source of income, and losing this employment dramatically reduces their ability to procure goods. Even when available, unemployment benefits are unlikely to be high enough for citizens to maintain access to the relevant goods.<sup>6</sup> As I have already indicated, there are additional long-term consequences to the kind of unemployment characteristic of economic crises that render this loss particularly acute for those made unemployed during crises.

In these cases, it seems that the material conditions of the republican commitment to non-domination have been breached. Individuals lose access to material resources both instrumentally necessary for, and symbolically characteristic of, the status of the free citizen. While this is a problem for republicans, it looks like one that can be solved at a policy level. Welfare systems could provide high enough income support as a right to citizens that the loss of one's job would not prevent one from being accessing these resources.<sup>7</sup> This has been an influential republican argument in favour of universal basic income schemes, but any kind of welfare system that provides a guaranteed minimum threshold high enough to ensure all citizens retain access to basic goods even when made unemployed may satisfy this (Pettit, 2007; Cassasas & De Wispelaere, 2016, 287-290). These systems might not be able to remedy the long-term effects of unemployment on earnings, but may nevertheless establish the social minimum that is the neo-republican requirement here.<sup>8</sup> While other losses are significant, and may be grounds for complaint, as long as a basic minimum is established they do not undermine the material conditions of equal non-domination.

### ***Non-material Resources: Self-Respect***

Although the material conditions of the republican commitment to equal non-domination may be satisfied even in conditions of unemployment during crises, the non-material conditions



seem more vulnerable. In particular, such unemployment poses a threat to citizens' self-respect. Freedom as non-domination requires that individuals are able to assert their claims and interests in public as equals with their compatriots. In addition to providing an institutional framework for such claims, it is crucial that individuals are able to view themselves in a certain way, as persons who can stand as equals in the presence of their fellow citizens, and make compelling claims on them (Skinner, 2010, 97). The institutional basis for attitudes of this kind is commonly noted in the philosophical literature; Rawls famously saw the social bases of self-respect as 'perhaps the most important primary good' (Rawls, 1971, 440). Phillip Pettit draws a similar connection, arguing that the institutional bases of non-domination also operate as social bases for self-respect, while 'to be humiliated institutionally is to live under institutions that undermine or jeopardize your grounds for self-respect' (Pettit, 1997b, 56).

Employment should be understood as an institutional base of self-respect in contemporary societies. The loss of this employment can be deleterious to an individuals' self-respect, and correspondingly to their status as citizens with equality of freedom as non-domination. The character of the institution of employment means that exclusion from it has an especially serious impact. Employment is one of the most commonly recognised ways that individuals contribute to society as a whole – indeed, as I argue below, paid employment operates as a uniquely expressive kind of social contribution (White, 2003, 61). As Rawls notes, feeling able to make a contribution to society is an essential component of self-respect (Rawls, 1971, 318). To be excluded from making a contribution of such social significance will corrode one's confidence in one's capacities and equal standing alongside others. Again, unemployment suffered in times of crisis will be even more damaging, as the exclusion from employment will tend to last longer. The impact of long-term unemployment on self-respect is well documented in the policy literature, with those experiencing long-term unemployment considerably more likely to identify a loss of self-respect while out of work than those unemployed for shorter periods (Pew Research Center, 2010). The condition of equal non-domination is then threatened by the loss of self-respect engendered by the loss of employment associated with crises. We now turn to the cultivation of an egalitarian civic ethos.

## *Social Ethos*

Understanding employment as a recognised form of social contribution demonstrates its bearing on self-respect. We might think, though, that employment is not merely one of many ways that people are said to contribute to society, but that it holds a status of primacy among them. In many contemporary capitalist societies, employment is the only form of social contribution taken to be expressive of a certain regard for one's compatriots.<sup>9</sup> By engaging in employment, I am understood to have made an appropriate contribution towards the social product from which I benefit, acknowledging the mutual status of citizens as fellow participants in a collective endeavour (White, 2003, 62; Young, 2000, 55). We can think about this practice as an element of an egalitarian social ethos, as it views contribution as indicative of a civic attitude – a regard for one's fellow citizens, with whom one shares the same standing and obligations. Whether employment does in fact indicate these attitudes more than other kinds of social contribution (notably domestic labour) is arguable, but the social significance of the status it holds as the only member of this set is inescapable.<sup>10</sup> The economy of expressing and acknowledging the equal standing of oneself among other citizens performed by the practice of employment locates it as an integral feature of the social ethos.

A citizen who loses their job is essentially excluded from this practice, and this exclusion fractures the egalitarianism of the social ethos to which republicans are committed. The institutions and practices of primary importance to the cultivation and performance of an appropriately egalitarian social ethos must provide the opportunity for all members of society to participate. Being prevented from accessing the underlying institutions of this ethos correspondingly constitutes exclusion from the scope of that ethos itself.<sup>11</sup> Republican freedom has an intersubjective character dependent on feeling secure in one's standing in relation to others (Pettit, 2012, 91). The absence of frequent affirmation of one's standing in the community brings that standing into question. What is more, it may not be obvious to one's compatriots that one's exclusion from the labour market is involuntary (Wolff, 1998, 110). Lack of participation might instead be interpreted by others as an attempt to free-ride, or to express a lack of regard for other members of society. Again, the severity of this exclusion is compounded by the circumstances of a crisis; the exclusion lasts for longer, and

may develop long-term legacy effects. The unemployment caused by economic crises ruptures the egalitarian social ethos required for republican freedom, and those excluded from that ethos are deprived of their secure standing.

I have now demonstrated how the unemployment brought about by economic crises constitutes a significant barrier to the egalitarian conditions of equal freedom as non-domination. Equality of non-domination is disrupted by the effect of unemployment on the self-respect of affected citizens, who feel unable to contribute to society and consequently may not feel secure in their standing as one citizen equal to others. The egalitarian nature of a republican social ethos is also threatened, by the exclusion of unemployed citizens from the symbolic function of employment as an expression of a regard for one's compatriots. But it is not yet clear what *kind* of problem this poses for republicans. Of course, the primary evil with which republicans are preoccupied is that of domination. But they can also admit of threats to freedom as non-domination that fall short of domination itself, but enable the development of dominating relationships. This is how Pettit talks about cases of structural domination, which 'may vitiate, but not invade, choice, as when they emerge for example from customary practice, but they can indirectly facilitate the worst forms of invasion and domination in a society' (Pettit, 2012, 63). While these cases do not constitute domination – at least on Pettit's view – republicans should nonetheless be concerned by the possibilities for domination that emerge from them.

Are those made unemployed due to economic crises *dominated* as a result of the dislocation of the egalitarian conditions of republican citizenship, then, or just made vulnerable to domination? On Pettit's account, it would appear to be the latter. For a relation of domination to pertain, we need to be able to identify who is dominating whom – we must be able to pick out a group or agent who wields arbitrary power over another in order to describe the latter as dominated (Lovett, 2010, 120; Pettit, 1997a, 52). In this case, though, there is no obvious dominating agent.<sup>12</sup> We cannot plausibly identify those who work in financial services as the relevant group when the risk of economic crisis is caused by the disparate actions of a far larger set of individuals, nor those who support policies that amplify these risks given the fundamentally ineffable nature of such risks in capitalist society.<sup>13</sup> Instead of looking at the generation of the unemployment, we might instead look to those who have the power to *offer*

employment but fail to do so. But while this route seems promising, Pettit explicitly cuts it off by restricting the scope of basic liberties to choices that do not depend on the voluntary co-operation of others' (Pettit, 2012, 95). And while this constraint does not apply to the state, which has the power to institute job guarantee policies or to act as an employer of last resort, such measures may make the relevant agents *more* exposed to arbitrary interference, as they become more directly dependent on the state.<sup>14</sup>

Nevertheless, the republican framework contains the resources to articulate this as a case of domination. While those agents who suffer the loss of social standing associated with employment as a result of economic crises are not subject to a personal master, they are subject to arbitrary power as a result of their diminished standing in relation to other citizens. Without the validation and affirmation of my status as a citizen from equal others, I am denoted as less than a full citizen, and cannot independently invoke my right to participate fully in social life (Laborde, 2008, 249). My opinion is unlikely to hold much weight among other citizens without the promotion or endorsement of a citizen who is not excluded from such practices. As such, I become dependent on the social power of others to speak on civic matters. For republicans, freedom is fundamentally relational; it is a function of the relations of power that hold between individuals and groups. The ability of individuals to relate to others as equals can be undermined not only by subjection to a master, but also by the prevalence of norms that undermine their agency or status as a member or the structural production of obstacles preventing some agents from acting with the full range of powers associated with citizenship. In this way, then, we can accurately identify people who lose their jobs as a result of economic crises as dominated by virtue of their diminished standing in relation to other citizens - though the attribution of the terms 'dominator' and 'dominated' may not have the same explanatory purchase as in Pettit's paradigmatic cases.

While Pettit places considerable emphasis on the relational elements of freedom as non-domination, status-based dominating relations such as this can be more readily articulated using socio-relational or structural accounts. Cecile Laborde's critical republican account, for example, accounts for normative cases of domination and explicitly includes the intersubjective psychological features of citizenship as an internal feature of freedom as non-domination, rather than as an indication of that status (Laborde, 2008). Laborde and others<sup>15</sup>

conceive of domination more broadly than Pettit, but such an extension remains faithful to the chief republican concern with what Pettit (2002, 351) has described as the ‘terrible evil brought about by domination’ - that ‘it deprives a person of the ability to command attention and respect and so of his or her standing among persons’. By incorporating those threats to this standing that arise from arbitrary norms or institutional mechanisms, such conceptions of domination address this evil more comprehensively.

The primary aim of this section, though, is not to advance a structural or socio-relational account of domination, but to demonstrate the specifically egalitarian dangers of economic crises within conventional accounts of republicanism. It should be clear that even if one maintains a strictly Pettitian approach and resists the claim that this can be classed as a case of *domination*, it remains a problem that requires serious attention – as Pettit (1997a, 163) notes. There is a major threat that individual relations of domination will be facilitated as a result of this kind of unemployment. Absent the institutional bases of self-respect, individuals may become subject to rules over which they can have no input; with the loss of earnings they will become vulnerable to financial predation from private individuals or companies, and dependence on the state. Given the potential for such domination to develop in these conditions, neo-republicans cannot tolerate them, and will regard the establishment of social protections or reforms which bulwark the equal standing of all citizens as a priority.

Even this narrow argument I have advanced in this section – which invokes only one feature of economic crisis and one component of freedom as non-domination - has significant consequences for republican policy positions, perhaps requiring that republicans embrace market regulations that diminish the risk and size of crises, or welfare state or distributional policies that provide a wider range of opportunities for recognized social contribution. It is clear, though, that this argument does not fulfil the full theoretical force that republicanism can bring to bear on the subject of economic crises. To capture this, in the next section I shift focus from employment and equality to the republican requirement that freedom as non-domination must be secure, or robustly protected. Crises are society-encompassing events of extraordinary magnitude; they can shape the course of whole generations and places, and the risk of their occurrence is a perpetual fear of leaders, policy-makers, and ordinary citizens. This risk is the source of a more general, and far more forceful, challenge to republican

freedom subjecting every citizen to a constant systemic insecurity. While some citizens can be effectively protected, this insecurity cannot be entirely eradicated, and will undermine the conditions of non-domination for those who remain subject to it.

### **Section 3: Crises and Systemic Insecurity**

Whereas accounts of freedom as non-interference generally understand the absence of interference to itself constitute freedom, the absence of arbitrary interference alone is not enough to render one free on the republican conception of freedom as non-domination. One's protection from domination must be secure across a range of variations in contingent facts; avoiding domination through good fortune or benevolence is not enough to count as a free person. Free persons are protected from domination by right, and live amid a framework of supporting and countervailing protections which operate to maintain this security. For republicans, the *experience* of secure freedom of this kind has a particular liberating quality. Republican citizens must be able to live with the *knowledge* of the secure protection of their basic liberties and resources against possible threats of subjection to arbitrary power. Without this security, citizens will be unable to act freely, constantly aware of the possibility of becoming subject to arbitrary power, but when assured of their status citizens can exhibit the physical traits of freedom so prominent in the republican tradition, walking tall in public, looking others in the eye as an equal, and speaking freely without fear or favour. Of course, protection from the possibility of domination can never be total. For Pettit, it is effectively a commitment to robust protection against arbitrary interference (Pettit, 1997a, 73). This can only be provided by the resilient holding of the status of citizenship entailing legal rights and individual influence over the direction of the state as well as intersubjective validation of one's standing. Robustly secure freedom as non-domination, then, should be conceived further as security of the – legal, political, social, economic – conditions of this status. While this shifts the *subject* of the robustness requirement, note that the *range* of that requirement remains unchanged, extending only over accessible nearby possible worlds that vary from the actual world over contingent variables such as luck and disposition.

The threat of economic crisis undermines the security of these conditions. This threat is constant and ineradicable, indelibly inscribed in the business cycle of capitalist societies. The insecurity generated affects every member of society in some way or another; all are vulnerable to the effects of crises, and, more importantly, act in conditions of insecurity. These conditions render even previously robust or near-robust infrastructural frameworks of non-domination fragile, affecting a wide range of the conditions of free citizenship in a variety of ways. Whereas our previous argument was concerned with the actual occurrence and impacts of crises, the security of freedom is threatened by their constant possibility; even those who never experience a crisis may not escape that insecurity, as they cannot live and act with the certainty and assuredness characteristic of the free citizen. The mere *experience* of this insecurity prevents people from acting freely, introducing strategic considerations into how they act and what they do (Pettit, 1997a, 71-2). Montesquieu (1989, 157;188) elucidates the connection between freedom and this experience of security most clearly. When a citizen is subject to the risk of economic crisis, what he described as the ‘tranquillity of spirit which comes from the opinion each one has of his security’ is absent, with citizens instead acutely sensitive to the precarity of their situation.<sup>16</sup>

Though republicans themselves have not yet given much attention to the insecurity engendered by economic crises, others have taken up the issue. One of the most compelling approaches is advanced by Aaron James, writing from a liberal contractarian perspective, who argues that the threat of financial crisis can be understood as a form of systemic risk (James, 2012, chapter 8; 2017). James’ argument is of particular interest because this articulation of crisis emphasises the most relevant facets of crisis that have emerged from the argument thus far – that they are endogenous and caused by the actions of a great number of people of whom none can be held individually responsible, and that exposure to risks can be a harm in itself. As such, we can use his account to elucidate what is problematic about certain kinds of risk imposition, before formulating a distinctively republican argument against subjection to such risks. For James, systemic risks are those which arise from the more or less coordinated actions of a group of agents, when these actions *collectively* increase the likelihood that particular agents will suffer significant material harm but no action or actor *individually* makes a significant change to that probability (James, 2017, 240). These

risks can emerge when all social actors are playing by the rules (James, 2012, 264). Even when no actor can be held individually responsible for the imposition of risk, James (2017, 239) argues that the mere *exposure* to risks of this kind can be wrongful. We have ‘a basic interest in not being subject to significant risks’ when alternatives to that risk are available and do not have exorbitant costs (James, 2017, 244-5). The violation of this interest is grounds for complaint for all those subject to risks of this kind, even if they did not come to any relevant harm. We also have a separate interest in avoiding the *experience* of uncertainty such risk exposure often involves. The subjection to the threat of the harms of financial crisis is itself a wrong.

We can use James’s account as a base from which to develop a distinctively republican argument against the imposition of the threat of crisis. Elements of his account are clearly accessible from within a republican framework. The claim that exposure to certain kinds of risk is wrongful can be easily incorporated into the theoretical apparatus of freedom as non-domination. The conception of freedom as non-domination, unlike freedom as non-interference, identifies certain vulnerabilities as a direct threat to free action and status. Exposure to particular risks itself undermines one’s free status. Additionally, James’s emphasis on the socially sanctioned nature of systemic risks accords with Pettit’s concern about the application of the concept of domination to ‘non-intentional forms of obstruction’ (Pettit, 1997a, 52-3). Though not attributable to any one individual, these risks are generated by the organisation of vast numbers of individual actions and cannot be dismissed as inevitable or naturalistic (James, 2012, 257). The influence of policy mechanisms over the severity and frequency of crises provides further support for this claim.

A distinctively republican account, though, will depart from James in identifying freedom rather than justice as the central concept here, and correspondingly the threat posed by the risk of crisis as one to freedom<sup>17</sup>. Placing freedom as non-domination as the operative concept will have significant consequences for the prospects of compensating people for their exposure – a point I return to below. A republican account will also want to draw a tighter connection between the reality and the experience of being exposed to systemic risk. James claims that our interests in avoiding exposure to certain risks and avoiding the *experience* of that exposure are separate (James, 2017, 244). For republicans, these are two dimensions of



the same interest in non-domination, which has irreducibly experiential components. Freedom from domination has a ‘distinctively subjective value’ most famously elucidated in Pettit’s eyeball test (Pettit, 1997a, vii). Of course, it will not always be clear to people what risks they are actually exposed to; in the lead-up to the 2007/8 financial crash many thought the risks of such crises had been eradicated, while individuals commonly overestimate the prevalence of other risks, such as the likelihood of terrorist attacks (Reinhart & Rogoff, 2011). Understanding the interests in objective exposure to risk and the subjective experience of that exposure as connected highlights the subjective dimension of freedom of non-domination without entailing a perfect linear relationship between the perception and reality of risk, or a general presumption against experiencing any kind of risk.<sup>18</sup> It seems plausible that systemic risks such as crises will not be socially evident facts of common knowledge, but that the actual realization of freedom as non-domination – and the absence of relevant risks to one’s civic freedom - has particular experiential qualities (Pettit, 1997a, 58-64).

We now have a distinctively republican account of the threat economic crises pose to the security of freedom as non-domination. The possibility of these crises is a threat to the free status and action of citizens, undermining the conditions of their freedom from domination. Their effects can be financially and socially profound, and, crucially, can expose one to interactional or structural forms of domination through the loss of employment, resources, or social standing. It is a threat that cannot be ameliorated by one’s individual action, and is created by the organisation of diffuse social action through socially mandated institutions and practices. This is not a case of the domination of one agent by another, but of the impossibility of robust non-domination, caused by the configuration of individual economic actions.

It should be clear that the republican objection to crisis on the basis of insecurity is going to be significantly more demanding than James’ original contractualist account. For James, systemic risk is imposed impermissibly when it fails to meet certain standards of fairness. The risk imposed can, in theory, be imposed fairly and therefore become morally permissible. There are a number of ways we might make a risk fair – through conditions of reciprocity, or voluntariness, for example. Although James argues neither of these can render the imposition of the risks of crisis fair, they feasibly might in altered circumstances (James, 2012, 278-83).

Such a move is not available to republicans. Threats of domination cannot be made non-dominating through voluntariness or reciprocity; they remain an erosion of one's state as a citizen even if one consents to that erosion, or if others take on similar burdens.<sup>19</sup> Nor, on a republican scheme, can the imposition of this kind of risk be effectively compensated for. James explores the possibility of compensation after financial crises, rejecting it on grounds of institutional feasibility (James, 2012, 275-8). Other contractualists have argued that when risks are reversible, compensation can in fact remedy the problem, and that the risks of financial crisis are suitably reversible. Herwig and Simoncini (2017, 264), for example, argue that 'whether a society opts to mitigate the risk or prefers to clean-up after a crisis seems only to be a question of cost, prudence, and risk preference, but not of justice', dismissing the claim that the *risk* of crisis constitutes a wrong itself. But if we are committed to the claim that this risk does in fact damage the freedom of individual citizens, compensation does not offer a solution regardless of institutional or arithmetical considerations.

A more obvious solution may seem to present itself, one republicans have generally adopted when discussing questions of social risk. This has been to prevent brute risks from translating into risks of domination. There are all sorts of risks to which citizens might be subject – that of flooding, or (to use James's example) bio-chemical contagion - but which do not threaten the status of individual non-domination when appropriate institutional frameworks are in place. The provision of a comprehensive and robust social security regime might nullify the risks associated with economic crises by preventing economic vulnerability translating into risks to social status or access to resources.<sup>20</sup> If so, this would enable republicans to maintain a complacent attitude towards the capitalist business cycle with the proviso that it be accompanied by an adequate safety net. This insurance model is the approach republicans including Pettit have generally taken on such matters to date, and its influence obviously extends far beyond the confines of the republican conceptual framework. Generally, such an approach involves two mutually supportive types of programmes.<sup>21</sup> The first seek to reduce the frequency and scale of economic crises. Typically these might include endorsing a counter-cyclical or Keynesian economic model, and specific measures to prevent contagion or volatility in markets. In addition to the programmes will be measures to secure the non-domination of citizens in the event of an economic shock. These programmes will ensure that citizens retain access to basic goods, medical care and education, and a legal system. As such,

while individuals may incur significant losses - they may lose the best part of the value of their pension savings, or be subject to the trauma of losing parts of one's sense of identity - they will be guaranteed a minimum level of resourcing that establishes their freedom from domination.

This is an influential and significant alternative account of how republicans should conceive of the relation between economic risks and domination. While I do not advance a comprehensive argument against such an approach, there are a number of reasons to be sceptical that it can be adequate in this case. The first regards the significance of standing as a component in freedom as non-domination. While Pettit recognises that freedom as non-domination has important socio-relational dimensions, these can only be understood in terms of domination on his account when one agent is denied their rightful status as a member of society (or the goods to which that status entitles them) or when the hierarchies of status bring about inequalities that render an agent vulnerable to the arbitrary will of another. As indicated in the previous section, this stance underplays the extent to which non-domination is affected by social relations. The establishment of a minimal level of standing below which none can fall is necessary but not sufficient to secure freedom as non-domination, which also requires that relations between citizens, and between citizens and the state, exhibit certain properties – most notably that citizens can view each other as equals, and that they are treated as such by the state. In the case of the insecurity of economic crises, these properties are lacking. Even when an effective infrastructure and insurance regime which provides assurance of the resources and goods necessary to exercise one's basic liberties without arbitrary interference prevails, this will not be enough to alleviate all citizens from this insecurity. Certain groups - 'vulnerability classes', in Pettit's early phrase - will bear the brunt of the insecurity caused by these crises, knowing that they will be hit hardest. We can understand this distribution of vulnerability as expressing a lack of respect and a subordinate standing in relation to other social groups. The members of these groups may be assured of the minimal protection required to prevent arbitrary interference, but their comparative vulnerability is indicative that they do not hold equal status as members of the community.

Note that, as in section 2, republicans who reject this argument will still be faced with a problem. Even if one remains confident that a combination of infrastructural reform and

robust insurance programmes can nullify the transmission of the economic risks of economic crises into threats of domination, the question of how institutionally feasible this is remains. This is not a purely pragmatic point; in determining what kind of institutional formations to endorse or adopt we must weigh up the probabilities of achieving the socially valuable ends to which we are committed across different options. There are compelling reasons to think that any acceptable insurance framework within a capitalist society will be subject to serious problems of stability. While a desideratum of an institutional scheme of this kind would be that it successfully reproduces the conditions of its own support, it may do the opposite. In the first place, the successful prevention of crisis through infrastructural reforms may undermine the case for continued regulation of the economic system - overconfidence in our ability to manage the economy may lead us to believe the fundamental problem of crisis prevention is solved, as occurred in the run-up to the 2008 crash. Conversely, the occurrence of crises may bring great financial and political pressure on the insurance programmes exactly when demand will be highest. Even if one thinks the insurance model provides a conceptual possibility of entrenched freedom as non-domination, one must further demonstrate that this is a stable institutional possibility.<sup>22</sup>

The claim that republicanism has the theoretical resources to object to economic crises on a more wholesale basis than captured by the argument from egalitarianism presented in Section 2 has been shown to be correct. Such crises consequently pose a far greater challenge to republican theory. The inequality caused by unemployment may be remedied using a variety of means. The exclusive status of employment as a form of contribution signalling one's attitudes towards one's fellow citizens can be challenged. Republicans might seek to add other forms of contribution to this set<sup>23</sup>, or to sever the link between economic contribution and citizenship. On the policy level they might seek to support economic policies that reduce the severity and frequency of crises, and the effects of crises on employment. But the insecurity generated by crisis survives such approaches. Given the inevitability of economic crises in the capitalist business cycle, republicans appear to be pitched into a choice between revising their commitments so as to accept the threat of crises or rejecting the possibility that republican freedom can be achieved in capitalist societies. In the next section I will explore the consequences of this argument for republican theory in more detail.

#### **Section 4: Theoretical Consequences**

It is important to address one obvious way that the significance of this argument might be undermined. One might argue that a degree of risk or uncertainty is simply a fact of life in modern societies, and that this risk isn't the proper target of the republican concern for insecurity. Modern market societies are inevitably interconnected, and this interconnection necessarily involves exposure to certain kinds of risk (Gaus, 2003). These vulnerabilities are not only ineradicable but are largely accepted as part and parcel of the substantial benefits of modern life. For example, market fluctuations are a necessary concomitant to the radical expansion of option-freedom and economic opportunity available in a global market society. To object to these risks might then seem to be a re-enactment of past failures of republican theory, engaging in a 'quarrel with modernity' itself (MacGilvray, 2011, 196; Pocock, 1975, 546). A more sensible strategy, the argument follows, would be to, as Pettit (2011) puts it, 'ride the tiger'; finding a balance between the costs and benefits of these conditions and curtailing the most egregious and harmful risks.

In response, we should remember that republicans are committed to the robust protection of one's status as a free member of a society, not to the same level of protection across all significant choices or institutions that affect an individual. Much of the uncertainty endemic in modern life does not concern a person's social status or their ability to act free of domination. On issues or vulnerabilities of this kind, republicans can engage in analyses that weigh up the competing costs and benefits. Many risks – systemic or otherwise - that might constitute a threat of this kind when left unchecked may be neutralised through institutional means (as the risk of unemployment discussed in section 2). But those risks that can undermine individuals' status as free citizens and do not appear sensitive to such means are not only legitimate points of philosophical enquiry, but are of paramount importance to the republican theoretical enterprise. Threats that impinge on a citizens' free status cannot be weighed up against other goods – if they undermine the subjects' freedom as non-domination, they are impermissible (Pettit, 2008, 218-9). Republicans do not object to modernity but to the socially constructed and sanctioned forms of domination that have become characteristic of modern life. These are open to philosophical analysis and political change.

Furthermore, we can distinguish between the conceptual commitments of republican freedom and the strategic methods that can promote this end. As Lovett and Pettit note, the advancement of freedom as non-domination will be best served by a strategy of ‘removing the conditions of mastery’ and the vitiating conditions that hinder free action (Lovett & Pettit, 2009, 19). Unlike freedom as non-interference, freedom as non-domination cannot be realised merely through a reduction of the probabilities of interference (Pettit, 1997a, 85-87). The theoretical demands of freedom as non-domination are therefore significantly more demanding. In some cases – when resources are particularly scarce, or political conditions sufficiently hostile – the reduction or minimization of domination (or even interference) might be a sensible political strategy (Lovett, 2010, chapter 6). The adoption of such strategies should not be mistaken for the dilution of the theoretical commitments of freedom as non-domination itself.

Our argument, then, retains its force. As such, republicans must confront the tension we have identified between their commitments and the realities of capitalist society directly. The burgeoning literature on republican economic commitments has started to consider the difficulties of establishing republican freedom within capitalist societies (Anderson, 2015; Casassas & de Wispelaere, 2015; Gourevitch, 2015; Klein, 2017; White, 2011). Thus far, though, the question of whether the realization of central republican commitments requires the abandonment of capitalism, or the adoption of particular varieties of it, has not been subject to sustained critical attention. Unsurprisingly this is a question that has received more attention in other literatures.<sup>24</sup> The question of what kind of economic system is required for the operation of political liberalism, for instance, has been the subject of much discussion among Rawlsians, for example, who focus on Rawls’s categories of welfare-state capitalism, property-owning democracy, and liberal socialism<sup>25</sup> (Freeman, 2011; O’Neill & Williamson, 2012; Thomas, 2017). The argument presented here suggests republicanism is in need of a comparable discussion, and provides strong grounds to be sceptical about the possibility of establishing non-domination in capitalist societies.

## **Conclusion**

I have argued that the insecurity entailed by the constant threat of economic crises constitutes a major obstacle to the realisation of freedom as non-domination. Exposure to the risk of economic crisis violates the republican condition of robustness. This vulnerability to severe harms prevents citizens from experiencing the security characteristic of free citizenship and necessary for free and independent action. This threat cannot be dismissed as simply a feature of modernity, or as a cost necessary to secure greater benefits; economic structures and connections are socially produced, and no benefits they produce can compensate for costs to any individual's status as a free citizen. As economic crises are an endemic feature of capitalist societies, republicans working on the economy must specify under what conditions – if any – freedom as non-domination can be realised within these societies. While the argument presented here does not provide an answer to this question, it provides strong reason to suggest that the task of reconciling the republican conception of freedom with the realities of capitalist societies will be far from easy.

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<sup>1</sup> Much of the major recent normative work on financial crises has been concerned primarily with ethical rather than political questions. Recent contributions include Claassen, 2015; Fuerstein, 2015; James 2012; 2017; Lomansky, 2011; Maffettone, 2017

<sup>2</sup> My focus in this paper is solely on those economic crises that are endogenous to the capitalist business cycle, and I remain agnostic regarding the specific causal factors that might produce them. These crises clearly do not operate entirely independently of other forms of social or political crisis (Habermas, 1976), and there may be other forms of crisis that are endemic in capitalist societies, but these are not my concern here.

<sup>3</sup> Important contributions to this literature include Bellamy, 2008; Coffee, 2015; Dagger, 1997; 2006; Halldenius, 2015; Honohan, 2002; Garrau & Laborde, 2015; Gourevitch, 2015; Laborde, 2008; Laborde & Maynor 2008; Lovett, 2010; Pettit 1997a; 2012; Shapiro, 2012; Skinner, 2010; Taylor, 2017; Thomas, 2017; White, 2011;

<sup>4</sup> Gregg & Tominey (2005) find that men experience a 'residual wage scar' of 13-21% up to twenty years after experiencing significant youth unemployment even if they experience no further unemployment. Entering the labour market in conditions of high unemployment also appears to be associated with substantial negative effects on future earnings; Kahn shows that in the US individuals entering the labour market in such circumstances experience an initial wage loss of 6-7%, which remains statistically significant at 2.5% fifteen years later (Kahn, 2010; see also Oreopoulos et al, 2006). The aforementioned psychological and health impacts can also persist way beyond re-entry into the labour market; for example, Bell and Blanchflower find that 'the longer the spell of unemployment before the age of 23, the lower is happiness nearly 30 years later at age 50', (Bell & Blanchflower, 2011, 17).

<sup>5</sup> These points have a particular prominence in the development of republican politics in the United States (Shklar, 1991; Rana, 2010) as one way of understanding the republican commitment to economic self-sufficiency in the context of industrialisation and wage-labour economies.

<sup>6</sup> In the UK, for example, someone over 25 and out of work can receive up to £73.10 per week in Jobseeker's Allowance, compared to the £300 per week earned by a full-time worker on minimum wage. Those under 25 can receive up to £57.90 per week compared to £295 working on minimum wage for those between 21 and 24 years old, and £236 for those 18-20.

<sup>7</sup> It would also of course support people in employment who are unable to access these material resources, due to (for instance) low wages or precarious working arrangements. While the focus here is on unemployment, the republican insistence that no citizen should fall below a minimum economic level applies equally to these cases.

<sup>8</sup> Of course, these systems may themselves be problematic from a republican perspective, for example if they require shameful admissions from applicants (Bou-Habib & Olsaretti, 2004; Wolff, 1998), or if they undermine a commitment to economic self-sufficiency.

<sup>9</sup> Historically, public service – whether military, financial, or office-holding – has been the primary currency of contribution among exclusively defined groups of citizens, rather than employment.

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<sup>10</sup> Feminist thinkers have explored the significance of the wage as an indicator of social valuation of work above other forms of social contribution. See Robeyns, 2001, 85; Weeks, 2011, chapter 3.

<sup>11</sup> Iris Marion Young notes this: ‘most of our society’s productive and recognized activities take place in contexts of organized social cooperation, and social structures and processes that close persons out of participation in such social cooperation are unjust’ (Young, 2000, 55).

<sup>12</sup> In some real-life cases, this difficulty will not be present. When the state is captured by the capitalist class, for instance, we can straightforwardly identify that class as dominating. For the sake of argument, I assume a scenario in which the state has not been subject to such capture, and near-competitive market conditions pertain.

<sup>13</sup> It may be a desideratum of an adequate account that additional responsibility can be attributed to those who are more closely involved in the production of these risks. See James (2017, 250-254).

<sup>14</sup> And in any case, there are good reasons to think such policies might not resolve the *egalitarian* dislocation set out above. The expressive function of employment as a form of social contribution may not be satisfied by forms of work mandated by the state, which may not be seen to adequately express an attitude towards one’s fellow citizens or recognise the republican value of economic independence.

<sup>15</sup> See Coffee, 2012; Thompson, 2018.

<sup>16</sup> This line of thinking has been present in economic as well as philosophical thought. J.K. Galbraith argued that the development of modern capitalist economies (as least until the mid-20th century, when he was writing) has largely been driven by the search for economic security. Insecurity, Galbraith argues, is ‘something that is cherished only for others’ (Galbraith, 1998, 88). The ‘cyclical fluctuations’ of the business cycle constitute a major obstacle to economic security, and the Keynesian confidence that they could be managed or eliminated was a crucial step in this march towards increased security; ‘prevention of depression and inflation remains a *sine qua non* for economic security’ (Galbraith, 1998, 87; 92-3).

<sup>17</sup> This isn’t to say there will not be reasons for republicans to object to these risks that are grounded in considerations of justice.

<sup>18</sup> In social contexts characterised by structural domination or historical subjugation, both dominated and dominating agents’ perceptions of risk will be skewed in accordance with the prevailing social prejudices and stereotypes (Coffee, 2012). Judgements made in conditions of social equality, non-domination, and inclusive public deliberation will generally be more reliable than those made in these contexts, which absent some form of discounting will tend to be simply mistaken and to reinforce existing inequalities.

<sup>19</sup> While an adequate republican understanding of these risks will be sensitive to voluntariness and reciprocity, it will also insist that exposure to arbitrary power is domination regardless of these considerations. This does not translate into a general prohibition against agents consenting to grant limited power over themselves to other agents which may in many circumstances not constitute a threat to their civic freedom, and which can be constrained to track their interests when it may do so.

<sup>20</sup> I am grateful to an anonymous reviewer for prompting me to consider this option in greater detail.

<sup>21</sup> The following characterisation broadly mirrors the account of the entrenchment of the basic liberties Pettit presents in *On the People’s Terms*. I have not included discussion of the third category of programmes he mentions, as these ‘insulation’ programmes do not seem relevant in our case. See Pettit, 2012, 107-125.

<sup>22</sup> For a classic discussion of a different set of feasibility questions regarding economic crises see Kalecki (1943).

<sup>23</sup> This will be a general republican presumption at the policy level. Any institutional regime designed with the robustness of freedom in mind will seek to provide a variety of ways for people to fulfil their social roles and obligations. A more extended discussion of this presumption and its relation to the robustness required can be found in Brennan & Hamlin (2001).



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<sup>24</sup> This includes those overlapping with the neo-republican literature, such as the developing literature on Marx and Republicanism – see Roberts (2017); Leipold (forthcoming).

<sup>25</sup> To the extent that neo-republicans have begun to embark on this task, they have tended to do so in terms that link directly with this literature, often focussing on the Rawlsian project of property-owning democracy (Thomas, 2017; White, 2012).

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