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Tensions in Piketty's Participatory Socialism: Reconciling Justice and Democracy

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Abstract: In the final parts of Piketty's *Capital and Ideology*, he presents his vision for a just and more equal society. This vision marks an alternative to contemporary societies, and differs radically both from the planned Soviet economies and from social democratic welfare states. In his sketch of this vision, Piketty provides a principled account of how such a society would look and how it would modify the current status of private property through co-managed enterprises and the creation of temporary ownership models. He also sets out two principles for when inequalities are just. The first principle permits inequalities that are beneficial to the worst-off, while the second permits inequalities that reflect differences in people's choices and ambitions. This article identifies a tension between Piketty's two inequality-permitting principles. It also argues that the procedural limits on how decisions are made within the enterprises of participatory socialism might create inequalities not permitted by the guiding distributive principles of participatory socialism. This tension points to the need for either further changes in firm structure and ownership, an even more progressive taxation scheme, or an egalitarian ethos reflected in citizens' choices in their everyday lives under participatory socialism.

Keywords: distributive Justice, participatory socialism, egalitarianism, workplace democracy

1 Introduction

In *Capital and Ideology*, Thomas Piketty provides a detailed historical account of how economic inequality has developed from 1500 to the present day. Specifically, he pays close attention to each era's corresponding inequality regimes, understood

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as the ideological and institutional justifications of economic inequalities (Piketty 2020, 2). Each historical period analyzed provides its own reasons and at least minimally plausible rationales as to why the inequalities present in those societies are justified.

According to Piketty, our current inequality regime is often justified either by the fatalistic claim that there are no alternatives or by the claim that, while there are alternatives, tampering with private property will have disastrous effects, i.e., the so-called "Pandora's box argument" (Piketty 2020, 29, 707, 990, 992). He challenges both of these justifications. In his presentation of the historical development of inequality, Piketty demonstrates that inequalities are not unavoidable, but rather that they are shaped by the social and political choices of societies that could have been different and the effects of which can be undone in the future (Piketty 2020, 411).[1] Moreover, though Piketty's focus lies squarely on a descriptive and analytical history of inequality regimes, in the last part of the book he does become prescriptive and presents an alternative to the present state of affairs: participatory socialism (Piketty 2020, 969). Participatory socialism represents "a new universalist perspective based on social ownership, education and shared knowledge" that supersedes capitalism and private property (Piketty 2020, 967, 1036). According to Piketty, it is preferable not only to rampant capitalism and its increasing inequality, but also to the socialism of the Soviet Union and to social democratic welfare states.

2 Piketty's Critiques of Existing and Historical Alternatives

Piketty argues that contemporary social democratic societies have been unable to decisively reign in the rising inequalities since 1980. This rise reflects failure to address drivers of inequality in three different domains: taxation, education, and property (Piketty 2020, 486). Regarding taxation, Piketty claims that social democratic societies have been either unwilling or unable to comprehensively tax wealth, inheritance, and capital, and that this has had significant inegalitarian effects. In particular, the introduction of exemptions has had regressive effects, as different kinds of capital contribute vastly to the wealth of the richest in society (Piketty 2020, 494, 547–48, 555–58). Piketty documents that, partly as a consequence, from 1987 to 2017 the average wealth of the world's richest one percent

1 A point that was also a key lesson from Piketty's *Capital in the 21st Century*.

grew at an annual rate of 2.6%, while the average person experienced a wealth increase of 1.9%. For the 0.1% richest the growth rate has been even larger, at 3.5% (Piketty 2020, 686).

The second driver of inequality is found in the domain of educational opportunities. Most societies create and tolerate inequality in opportunities to acquire education and skills, often under the guise of equal opportunity (Piketty 2020, 534–42). For instance, in France within the cohort of individuals turning 20 in 2018, "the 10 percent of students in whom public investment was smallest received 65,000–70,000 euros each, while the 10 percent in which most was invested received 200,000–300,000 euros each" (Piketty 2020, 1009). As access to higher education, such as universities, has become more important for individual income, the degree to which access to higher education is affected by family and social background contributes significantly to rising inequality (Piketty 2020, 709–13).

A third driver of rising inequality lies in the failure to challenge the primacy of private ownership (Piketty 2020, 512). Among other things, this omission comprises the lack of political attempts to develop robust alternatives to private property, such as social, public, and temporary ownership models (Piketty 2020, 494). It inhibits the social democratic welfare state's ability to curtail inequality.

The planned, undemocratic societies in the former Soviet bloc avoided the inequalities resulting from these three sources to a higher degree than social democratic societies. However, Piketty rejects the Soviet model due to its different, but no less serious, flaws. Societies in the Soviet bloc made very radical attempts to replace private ownership with state and public ownership. But, writes Piketty, this is not an attractive route. Piketty points out how many of those incarcerated in the Soviet Union were punished for economic crimes related to their unwillingness to accept state ownership (Piketty 2020, 582). Piketty's relatively brief analysis of the failures of Soviet planning points to the role of the planned, centralized nature of its economy. This nature reflected a broader tendency to ignore how citizens (legitimately) have different aspirations, needs, and preferences (Piketty 2020, 593). The state in a centralized, planned economy faces a notorious information problem. Planners cannot obtain sufficient information about what and how much consumers want and thus face difficulties in understanding which products to produce and in what quantities.[2] Piketty illustratively points to how the food preferences of those who live in a specific neighborhood may be familar to the person who owns a food cart there, but not assessable to the government that bans the latter's commercial enterprise (Piketty 2020, 593–94).

2 For more on this see Lange 1972; Von Mises 1935; Nove 1990; 1991. For a defense of the planned economy's ability to achieve its goals, see Mandel 1969.

Piketty notes that the most straightforward 'solution' to the concern expressed by the information problem is to stipulate that every person have relevantly similar needs and wants. Such a thought echoes the famous *Manifesto of Equality* from the French Revolution, which stated that since "all have the same faculties and the same needs, let there then be for them but one education, but one nourishment. They are satisfied with one sun and one air for all: why then would the same portion and the same quality of food not suffice for each of them?" (Maréchal 2004) Such a radical assumption about the sameness of human beings may make the idea of a centralized planned economy more plausible. However, it is false in view of the complexity and diversity of human wants and aspirations (Piketty 2020, 594). While some might dispute whether the official Soviet understanding of human needs was really this one-sided and argue instead that Soviet Communism was simply too optimistic about the ability of planners to solve the information problem, the (predictable) failure to achieve this leaves the Soviet inequality regime unable to properly take into account the real differences in human aspirations and preferences.[3]

3 Elements in Piketty's Participatory Socialism

Piketty considers his alternative, participatory socialism, to be better than the two historical societal models described above. While we share this assessment, we also think that there are certain tensions in his model, and the rest of this article is devoted to showing this. Since Piketty sees the participatory model as a vision he would present in a broad deliberative discussion about which society we should prefer and stresses that he would probably revise it as part of this deliberative process, the concerns we set out here can be seen as a contribution to the deliberative discussion of his model, which he invites.

Piketty defines a just society as one that "allows all of its members access to the widest possible range of fundamental goods" (Piketty 2020, 967).[4] These goods include "education, health, the right to vote and more generally to participate

3 These shortfalls should be noted alongside other widely recognized shortfalls of Soviet societies, including, but not limited to, insufficient political freedom, stagnating economic growth, and limited technological innovation (Nove 1990; 1983; Roemer 1994; 1995).

4 Piketty describes this definition as 'imperfect'. Presumably, one way in which this definition is imperfect is that a just society might be one in which everyone has access to those fundamental goods they have an interests in or might acquire an interest in, but not necessarily to other fundamental goods which they do not have an interest in. Additionally, the formulation allows that a poor society where all inequalities benefit the worst-off and the access to the fundamental

as fully as possible in the various forms of social, cultural, economic, civic, and political life" (Piketty 2020, 967–68). However, this does not mean that a just society is one in which strict outcome equality rules. Two deviations from outcome equality are justified and, thus, do not warrant redistribution: to "the extent that income and wealth inequalities are the result of different aspirations and distinct life choices"—call this the choice condition—"or permit improvements of the standard of living and expansion of the opportunities available to the disadvantaged"—call this the worst-off condition—"they may be considered just" (Piketty 2020, 968).[5] [6] [7] We return to these two conditions in the next section.

Through which means does participatory socialism realize this vision? Essentially, Piketty suggests a number of institutional mechanisms (Piketty 2020, 989), of which we will focus on the two that are central to Piketty's vision and the tensions in participatory socialism that we want to exhibit.[8] The first is new ownership models and shared decisionmaking schemes within private enterprises, e.g., co-management and worker involvement in the decisions of private enterprises. Here

goods enjoyed by the best-off is quite poor is a just sociey because everyone might nevertheless enjoy access 'to the widest possible range of fundamental goods'. This is the case because 'possible' here is internal to what is required for making the worst-off as well-off as possible.

5 While we agree that Piketty's account of the institutional devices that he recommends to realize the ideal of participatory socialism is "based on the lessons of the past" (Piketty 2020, 967, 969) highlighted in his book, we do not think that Piketty's fundamental, distributive ideal is so based. In a way this is an advantage in that one could reject his historical analysis and still embrace the fundamental principle of participatory socialism even if not its institutional mechanisms.

6 Pedantically, we note that we interpret "may be considered just" (Piketty 2020, 968) to mean "are just." Additionally, Piketty's definition is silent on whether inequalities that neither worsen nor improve the conditions of the worst-off might be just (cf. Cohen 2008). The practical implications of how this issue is resolved are limited, but its theoretical significance is important, e.g., in relation to the so-called leveling down objection and in relation to the nature of the egalitarian ideal defended by Piketty.

7 Piketty leaves the relationship between providing access to the widest possible range of fundamental goods and the two inequality-permitting conditions underspecified. He notes that equality of access must be absolute in the sense that it must not be unequal between citizens (Piketty 2020, 968). This, however, is silent on a) whether we may trade off some of these goods for all in order to improve the conditions of the worst-off (contra Rawls) and b) how we should evaluate situations where people utilize their equal access to a different degree. The latter may, in the spirit of the choice condition, permit some inequality in fundamental goods; cf. Cohen 1989.

8 To focus on these mechanisms is also justified by the fact that Piketty gives them such an important role. He writes that these are the instruments he proposes we rely on "to transcend capitalism and private property and bring partipatory socialism into being" (Piketty 2020, 972). The other institutional mechanisms discussed by Piketty are changes to education, borders, and democratic regimes (Piketty 2020, 970). We do not believe that any of these mechanisms diffuse the tensions we point to in this paper.

Piketty suggests an expanded version of measures already in place in, for example, Germany and Sweden. This expansion involves that workers hold half of the seats on company boards and that workers decide in case of a tie. Piketty reminds us that this would interact with a massive redistribution of wealth and income (see below), which may allow workers and unions to buy additional shares and thus further alter the distribution of voting power (Piketty 2020, 509). Piketty also discusses several additional elements that may benefit the workers within these power-sharing arrangements. These include capping large shareholders' voting rights so that investments over a certain percentage of shares do not result in additional voting power (Piketty 2020, 974).[9] Another proposal is that the election of board members is conducted in a mixed assembly of both workers and shareholders (Piketty 2020, 975). This would require prospective board members to appeal more broadly than if they were elected by and only accountable to shareholders.

New ownership models and shared decisionmaking schemes within private enterprises challenge our conception of private property. Even so, they are insufficient to avoid concentration of capital (Piketty 2020, 975). Therefore, we also need the second institutional dimension of participatory socialism. This dimension is strongly progressive taxation of property, income, and inheritance. This change is not just about increasing taxes. It is also about how the resulting revenue is distributed. The higher taxes enable a capital endowment for each person, a basic income, and a well-funded social welfare state. The first two elements in particular mark a departure from contemporary thinking in social democratic welfare states. Here social benefits are often means-tested, whereas Piketty's basic income is an unconditional entitlement for all citizens.[10] Furthermore, in Piketty's vision property becomes more temporally restricted, as it is redistributed across generations through a capital endowment. This capital endowment, which is financed by a tax on wealth, means that all young adults receive a sum equal to 60% of the wealth possessed by the average adult in society (Piketty 2020, 983). This provides opportunities for young people who would like to start a business or buy a house (Piketty 2020, 983). Piketty refers to the system as one of public inheritance and, given the source of these capital endowments, it facilitates a shift towards tempo-

9 Piketty thinks that the link between investment and influence should not be eliminated completely (Piketty 2020, 975). The reason is that those who have most at stake should also have a greater say, and that one important way in which one can have a greater stake is by having made a greater investment (Piketty 2020, 511, 594). However, we note—though we do not think Piketty disagrees—that many factors other than financial investment affect how much is at stake for a 'stakeholder'.

10 This also gives rise to the question of how Piketty's basic income scheme relates to his choice condition (see next section).

rary ownership and circulation of capital and away from the present permanent ownership of inherited and accumulated capital.

4 Tensions in Participatory Socialism

Piketty's vision of a just society has certain affinities to other visions available in historical and contemporary debates over distributive justice. As Piketty notes, the worst-off condition has a strong resemblance to some formulations of the Rawlsian difference principle, which allows for inequalities that are necessary to benefit the worst-off (Rawls 1999).[11] But other elements in his description are clearly connected to other aspects of contemporary philosophical egalitarianism. The choice condition stresses personal ambitions and choices in a way that is much closer to luck egalitarian theories of distributive justice (Cohen 2009; 1989; Dworkin 2000; Knight 2009; Lippert-Rasmussen 2016; Roemer 1993). And finally, the emphasis of workers' participation in running their workplaces is similar to that found in relational theories of distributive justice (E. S. Anderson 1999; E. Anderson 2019; Scheffler 2003; Lippert-Rasmussen 2018; Satz 1996). Given the diversity of these different strains of egalitarian thought in Piketty's participatory socialism, it is perhaps unsurprising if it turns out to contain certain tensions between different elements of the ideal. In what follows we identify three tensions in Piketty's vision of a just society. We hope that doing so helps identify the possibilities and limits of Piketty's vision as well as potential constructive amendments.[12]

11 Cohen 2008 argues that the difference principle justifies very little inequality in light of the fact that almost whenever the existence of incentives for talented people improves the situation of the worst-off relative to a situation of absolute equality, the situation could be improved even further if talented people were willing to do what they do with incentives, but without the benefits of incentives (perhaps because they affirm a value of equality). Piketty does not address this critique, so perhaps one should not infer from the fact that he writes that inequalities that "permit improvements of the standard of living and expansion of the opportunities available to the disadvantaged" are permitted that he thinks they are permitted even if they are unnecessary for improving the lot of the disadvantaged for the reasons identified by Cohen (see Piketty 2020, 969 fn.3).

12 Piketty (2020, 987, 1013) also sensibly stresses that his specific institutional recommendations should be assessed in light of "extensive experimentation".

4.1 A principled tension between two kinds of permitted inequalities

The first tension arises between the choice and the worst-off conditions. There are inequalities that the first condition permits but the second one does not, and vice versa. This conflict can materialize in various ways. Consider:

- A group of persons are among the best-off due to their effort, ambition, and hard work—but taxing them would benefit the worst-off.
- A group of persons are among the worst-off due to their (lack of) effort, ambition, and hard work—but redistribution in their favor would benefit the worst-off.

In both these examples, the choice condition justifies the inequality, while the worst-off condition implies the inequality is unjustified. The converse situation is also possible:

- A group of persons are among the worst-off through bad brute luck, but the tax regime required to raise funds to alleviate their situation would harm the worst-off (perhaps because it weakens incentives and, thus, reduces economic output).

In this case, the choice condition requires redistribution, while the worst-off condition permits the absence of redistribution.

This tension is also important because it has ramifications for the institutional arrangements of participatory socialism. Piketty's proposed tax scheme might benefit the worst-off, but it is also one that is bound to occasionally violate the choice condition. Consider differences in how people will spend their capital endowment. Presumably, some will consume while others will invest, and their differential choices will not reflect unequally good choice situations. In some cases, taxing the former for the benefit of the latter might improve the situations of the worst-off. The worst-off condition favors such redistributive taxation, while the choice condition does not.

What could or should Piketty say to this tension between the two kinds of inequalities that his vision of a just society permits? Piketty does not discuss these possible conflicts and thus does not discuss which condition takes priority in cases involving conflict. Essentially, there are five ways of resolving this tension. The first way is to insist that the two inequality-permitting conditions do not conflict. In Piketty's most prominent presentation of them, they are connected by an 'or.'

Thus, one might say that none of the inequalities described above are problematic, because they can be justified by at least one of the inequality-permitting conditions.

We find this reply unsatisfactory. The principles motivating the two conditions, i.e., a) that justice requires the mitigation of unchosen (dis)advantages and b) that inequalities that benefit of the worst-off are justified, could be routinely compromised under participatory socialism. This possibility arises because some inequalities permitted by one of the two inequality-permitting conditions would contradict the rationale behind the other. The two conditions are motivated by different rationales and therefore represent conflicting views about what justice requires. The choice condition is motivated by the concern to eliminate the differential effects of brute luck on people's lives (Albertsen/Midtgaard 2014; Lippert-Rasmussen 2005). The worst-off condition is motivated by the concern to improve the conditions of the worst-off. This concern plays no role in relation to the choice condition, which is solely about how people's distributive positions compare and not about their absolute levels.[13]

In light of this, Piketty might instead say—and this is the second reply—that inequalities are justified only if they fulfill both the choice and the worst-off conditions. However, the examples above suggest that this would imply that very few inequalities are justified under Piketty's participatory socialism, including many that Piketty thinks are justified in virtue of their connection to how individuals differ in terms of their needs, ambitions, and preferences. In any case, the theoretical conflict between the two rationales underpinning the two conditions noted in relation to the first reply would persist.

Third, Piketty's statement of the two conditions could be amended with a principle that specifies how the two conditions should be weighed against one another when they conflict. We do not know which weighing Piketty prefers. One possibility would be a ranking where chosen inequalities are only permitted if they benefit the worst-off quite significantly, i.e., the worst-off condition is lexically superior to the choice condition.[14] But, de facto, this might severely limit the choice options available (or more precisely, the untaxed choice options available) to citizens and might clash with Piketty's insistence that "a just society in no way

13 This is not to deny that the luck egalitarian rationale might not be part of the explanation of why the worst-off condition focuses specifically on the worst-off instead of, say, people in general or simply ascribes greater weight to improving the situation of the worst-off than, say, the second-worst off etc. The tension between these two rationales plays a prominent role in Samuel Scheffler's critique of the luck egalitarian reading of Rawls' difference principle (Scheffler 2006).

14 Alternatively, he might think that, as a matter of fact, very few inequalities whose elimination would benefit the worst-off reflect the sort of choices that justify inequalities according to the choice condition.

requires uniformity or equality" (Piketty 2020, 968). Another possibility is to give less weight to the concern for the worst-off. While this would, of course, increase the number of permissible choices, it would seemingly contradict Piketty's insistence that wealth and income should be arranged to allow the worst-off "the highest possible life conditions" (Piketty 2020, 968).

Fourth, Piketty could acknowledge that participatory socialism needs a social ethos, i.e., a non-institutional response to the clash between the two inequality-permitting conditions. A social ethos is a social mechanism that works through citizens' attitudes regarding their civic rights and duties and that shapes their everyday behavior within the framework of formal rules such as the law (Carens 2014). An ethos prevails when the people who live in a society of participatory socialism believe in the principles underlying the two inequality-permitting conditions and strive to bring about distributions that comply with them in their daily lives. Under such an ethos, people would not demand incentive pay for their talents, and they would, when acting as consumers, buy products that would benefit the worst-off. In this way they would make choices that are both equality-preserving and to the benefit of the worst-off (Albertsen 2019; Carens 1981; Cohen 2008; 2009; Furendal 2019; Lippert-Rasmussen 2008; Vandenbroucke 2001).[15] If such an ethos is sufficiently strong, perhaps no inequalities would ever arise that were justified by one of Piketty's inequality-permitting conditions and not the other.

Finally, Piketty might insist that, in practice and even in the absence of a strong egalitarian ethos, conflicts between the two inequality-permitting conditions never arise. However, such claims about how the world works, and how it would work in a much more equal society, cannot simply be assumed, and Piketty's discussion contains no arguments for the view that conflicts between the two conditions would never arise. In any case, even if the world, now or in the more egalitarian version favored by Piketty, happens to be benign in this respect, it would not resolve the tension between the two inequality-permitting conditions at a theoretical level.

We conclude that there are certain unresolved tensions between the two inequality-permitting conditions favored by Piketty. While there are ways to amend his vision of a just society to address these tensions, it is not clear which is the right way to go, or which is the way Piketty prefers to go.

15 For important recent critical discussions of the ethos, see Casal 2013; Frye 2017; Forthcoming; Johannsen 2016; 2017; McTernan 2013; Furendal 2018; 2019; 2020.

4.2 Intrafirm inequalities: Are procedural limits enough?

We now move on to explore two additional tensions that arise between participatory socialism's participatory elements and its redistributive aspirations. Specifically, these two tensions pertain to co-management's ability to deliver only the inequalities that are permitted by the two inequality-permitting conditions.

To understand the extent of such inequalities, consider how the participatory elements introduced by Piketty may curtail inequalities. The reasonable thought here is that if workers enjoy greater influence over enterprises' decisions, they will tend to make decisions that are desirable from the perspective of the values of participatory socialism (Piketty 2020, 973). For example, if workers control half the seats of the board and get to decide in case of a tie, this is likely to affect the kind of distributive decisions made in the firm's management. These decisions include, but are not limited to, decisions about pay levels in the company, hiring decisions, and decisions about the continuation and perhaps relocation of production. Presumably, firms with greater worker inclusion in decision-making would be less likely to move production abroad as this would leave workers unemployed, and less likely to approve vast pay differences within the company. Additionally, if the board is elected by a mixed assembly of workers and shareholders and there are strict limits to the power bestowed on shareholders, we can expect this to further limit any inegalitarian tendencies in their decision-making.

Is Piketty's worker co-management scheme sufficient to avoid distributions that are not allowed by the two inequality-permitting conditions?[16] If not, this forces us to consider whether there should be limits to what firms could decide in addition to the rules for decision-making proposed by Piketty. Consider the subject of executive pay or higher-management access to lucrative bonus schemes or potentially lucrative share programs. In discussions of such measures, Piketty proposes certain procedural constraints that are bound to make, say, CEO remunerations generally less excessive. But these procedural constraints do not involve any substantive limits on the outcomes. Accordingly, one might wonder whether Piketty's decision-making schemes are sufficient to ensure that, generally, compa-

16 This question pertains to whether whether the procedural limits introduced under participatory socialism are sufficient to avoid distributions which are in conflict with the inequality-permitting principles of participatory socialism. This can happen in various ways. Firstly, decisions can affect the relative position of those within the company, and secondly it can create interfirm inequalities by affecting the relative position of people outside the company. Some decisions may do both. However, we discuss interfirm and intrafirm inequalities in different sections, because the mechanisms to avoid them are likely to differ.

nies will make decisions that generate no inequalities that harm the worst-off.[17] Additionally, many of the decisions mentioned here could also clash with the fairness principle underlying the choice condition, as these would involve rewarding unchosen talents or providing incentives to the talented.

If procedural limits are insufficient to ensure that decisions are adequately egalitarian, substantial constraints on the decisions firms can make could be considered. For instance, perhaps there should be a maximum discrepancy in the economic renumeration ratio between the top one percent (or top ten percent) within a company and the bottom ten percent. Such substantive constraints would address the fact that workers and, more obviously, other board members might be less egalitarian than Piketty's vision requires, e.g., they might be tempted to make decisions that bestow advantages on themselves and others, e.g., CEOs and top managers, in ways that harm the worst-off.[18] The risk of such decisions being made might be smaller the more egalitarian the prevailing ethos in society is. But perhaps even the strongest egalitarian ethos feasible combined with strengthened worker participation in the making of company decision-making processes does not render substantive constraints on company decisions, e.g., in relation to wage policies, irrelevant.[19]We believe these substantive limitations are in line with Piketty's general wish to transform property. In sum, the autonomy of partly workers run companies might result in distributive inequalities that conflict with the worst-off and the choice conditions in participatory socialism—perhaps even in the presence of a reasonably strong egalitarian ethos.

4.3 Luck strikes again: Interfirm inequality

The previous section discussed whether decisions made within the firm might lead to intrafirm inequalities of a kind that is not in accordance with the principles

17 Arguably, the plausible requirement here is not that each decision should benefit the worst-off, but rather that the overall pattern of decisions should do so. But even so understood, it is unclear that the worst-off condition can be respected without any substantive restrictions on the sort of decisions companies can make.

18 Strictly speaking, Piketty's formulation does not rule out that other inequalities might not also be just, but following from what we wrote in footnote 7, we take him to consider them as both sufficient and jointly necessary conditions for a distribution to be just.

19 In his interrogation of the Rawlsian difference principle, G.A. Cohen famously asked what it means for something to be necessary for improving the conditions of the worst-off (Cohen 2008). Inegalitarian preferences among the best-off might in a certain sense make incentives necessary, but the very mindset that makes them necessary seems to conflict with the distributive ideal behind the choice and the worst-off conditions.

for participatory socialism, despite the stronger worker influence on company decision-making processes that Piketty proposes. However, there is also a different aspect to inequality that does not relate to intrafirm inequalities. The decisions made at one enterprise may affect others' relative positions, which means that we also have to consider *inter*firm inequalities.

Firms are likely to fare vastly differently in a competitive market, both for reasons reflecting their decisions and for reasons reflecting luck. It is difficult to interpret the choice condition when dealing with collective choices.[20] It should be noted, however, that some outcomes of collective decisions affect people in ways that make them worse off for reasons beyond their control. One example would be those who vote against a company policy, or representatives favoring a policy, that results in negative consequences for the company and thus its employees. Another group would be those who were not part of the decision-making process because they are not employed by the company, but whose relative positions are still affected by how the company fares. And, following from points made above, both those decisions may create inequalities that do not necessarily benefit the worst-off.

To illustrate the relevant kind of decisions, consider a case where a company is making a decision about whether to move its production to a foreign country. On Piketty's construal, those involved in this decision under participatory socialism would be a board consisting of 50% workers and 50% capital. Is this distribution of voting power enough to ensure distributions that are in accordance with the distributive ideals of participatory socialism?[21] Traditional theories of labor-managed, or even co-managed, firms would say that decisions made in these contexts are more likely to be beneficial for the wider community. Some such theories would prefer completely worker-managed enterprises (Vanek 1971; 1970). However, like Piketty's model, this gives little voice to other parts of the community, even though they are also relevantly affected by the decisions made.

One thought would be to increase the scope of the substantive measures discussed in the previous section, so that they would counteract not only intrafirm inequalities but also interfirm inequalities. While this should be considered, it might be difficult to design feasible policies to achieve this. Not only should there be room for some companies to pursue different paths with various degrees of success, but the designers of such rules will, due to the information problem men-

20 This is partly because it is difficult to square the outcomes of collective decisions with theories about what individuals are entitled to (Lippert-Rasmussen 2011).

21 Much here hangs on whether the egalitarian principle of participatory socialism has global scope.

tioned above, also have a difficult time in capturing the values and preferences of the broader community.

We may instead have to consider models in which the community is represented (or included) in decisions affecting their interests—especially interests pertaining to the worst-off and the choice conditions. These considerations suggest that the enterprises' decision-making bodies should a) give a firmer voice to workers and b) seek to include a wider set of interests (such as the local community) in their decisions. The latter reflects the concern that completely worker-managed enterprises would be too narrow in a different sense.

Given the above considerations, we suggest slightly modifying the way in which capital endowment is used under participatory socialism. For now we take it that this endowment in Piketty's construal is a lump sum of money received. How these are spent gives rise to the already-mentioned tension between the two inequality-permitting conditions of participatory socialism. This suggests that we may want the participatory economy to put in place specific limitations on some of the endowment. Consider if half the endowment were earmarked to be placed in investment funds similar to the mutual funds in John Roemer's vision of market socialism (Roemer 1995; 1994). If various funds exist with various investment profiles, people could choose in which fund to place part of their endowment. The funds would then invest this money in firms by buying stocks in accordance with their investment profiles.[22] If these funds were run democratically, i.e. controlled by those who invested in them, and purchased shares in various firms depending on the preferences of their investors, this would indirectly provide those who had invested in the mutual funds with influence on the firms. While we cannot go into the details of this here, we are open to the thought that there might be a need for substantial limits to the operations of these funds. By doing so we would achieve a kind of community influence on the dispositions of firms through the elected representatives of the funds. This would be the case because the funds would, through share ownership, acquire influence within the firms—but be accountable to those people who invested in the funds. This would limit insider/outsider inequality between those in successful and unsuccessful firms, because it would allow people to invest in a broad set of enterprises, and furthermore increase the broader community's influence on companies' decisions. Endowments, on this proposal, become both a source of influence and income.

22 To ensure equality, the funds should be restricted in various ways to limit each individual's influence in one fund. These restrictions could be similar to those suggested by Piketty for a company.

In a nutshell: the collective decisions of partly worker-run companies might, partly as a result of brute luck, result in inequalities between people employed by different firms that are not in accordance with the choice condition or the worst-off condition. This suggests that the broader community should have more influence on the decisions inside firms than Piketty's proposal implies, and that each individual under participatory socialism might still be too dependent on how the company where she is employed fares.[23] An adjustment to Piketty's capital endowment scheme could perhaps mitigate some of these problems.

5 Conclusion

In this article we have elaborated three separate, but related, worries, each of which takes up different aspects of participatory socialism's ability to deliver on its egalitarian promises. First, there is the tension between the two inequality-permitting conditions—inequalities permitted by the worst-off condition might be forbidden by the choice condition and vice versa. We also presented the broader relevance of this tension and suggested how it points to the need for a broader ethos in a society of participatory socialism. Second, Piketty's procedural changes to company board decisions aimed at strengthening workers' influence on company decisions might be insufficient to counter-act intrafirm inequalities, e.g., between CEOs and blue collar workers, violating the worst-off and the choice conditions. Third, the same concern arises in connection with these procedural measures' ability to curtail intercompany inequalities (and, thus, inequalities between individuals employed by the relevant companies). This might suggest broadening the scope of the interests represented on company boards and further substantive restrictions on permissible company decisions along the lines suggested in relation to our second worry. While we think these three concerns point to important ways in which participatory socialism needs to be amended, we repeat that we find ourselves in basic agreement with the core commitments of participatory socialism and, thus, see the criticisms above basically as friendly suggestions for amendment.

23 Admittedly, this dependency is mitigated by the presence of an unconditional basic income.

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