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Elements for a Normative Theory of Privatization

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Abstract: Heath's paper on privatization defends a broadly welfarist-economic approach in thinking about the legitimacy of privatizations. This approach is 'instrumentalist' (in contrast to deontological approaches). In this response, I accept the value of an instrumentalist approach to privatization, but argue against Heath's welfarist version of it, and argue in favor an alternative. First, the ends we seek when thinking about socially vital goods (our theory of public interests) should go beyond Pareto-efficiency. Second, as to the means we employ to realize these ends, we need a view of markets which takes into account not just their competitiveness, but also the distribution of power. This means we need to differentiate market types. Third, we need to differentiate ownership types beyond the standard shareholder-owned company. Alternative ownership structures may be able to realize public interests more easily and hence make privatization less problematic. On these three issues, the picture Heath sketches leaves out too many of the variables that, in the end, may be decisive in whether or not a privatization is acceptable.

Keywords: privatization, public sector, markets, ownership, Joseph Heath

JEL Classification: D4, G32, G38, H4 J54, L2, L3, P16

I. INTRODUCTION

Joseph Heath's paper on 'anodyne privatization' is—as so much of his writing—a provocative and enjoyable read. Slinging his arrows at fellow philosophers and political theorists, he argues that the bulk of the field has been—similar to public opinion in many countries—in the grip of an overly pessimistic view on privatization. The basic attitude is one where whatever the state does is salutary, while whatever the market does is a sell-out to evil capitalist forces. Against these biases, he urges readers to

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look at the question of privatization in a less ideologically charged way. Some privatizations are 'anodyne', and should be accepted as such. With the economics-inspired welfarist theory he has defended at length elsewhere (Heath 2014; 2020) in the background, he discusses how there are often good economic arguments to accept privatization.

While reading the paper, I found myself agreeing with much of it. Part of the reasons for that is that Heath makes many acute observations, which do help the debate forward. For example, I fully agree the philosophical debate has often (though not always) focused on public services that belong to the "core coercive apparatus" of the state (Heath 2023a, 27–28), while what we (also) need is a look at the more standard economic goods and services often provided by the public sector. It is good that Heath takes on this task in his paper and hence invites other philosophers to do so too. I also found the analytical device of distinguishing different types of privation incredibly illuminating (see the figure at Heath 2023a, 37). As Heath convincingly shows, with helpful discussion of examples, these different types of privatization force upon us different sets of considerations to ponder. Finally, I agreed with the overall conclusion. Heath's main message is that "privatization *of certain* state services, in *certain* cases" (26, emphasis added) is anodyne. In my view, it is hard to argue (unless one is a state socialist) against such an incredibly modest conclusion. So what does this leave us with?

If we accept the main message, we accept privatizations range from extremely problematic on the one end, to completely anodyne on the other end. We then can move on to the really interesting question: how to think about the large field of cases in the middle, where things are less clear-cut? For these 'hard cases', and even for identifying the extremes, we need a theory. As Heath himself recognizes at the end, we need "a conceptual framework, or grid of sorts" (59) to help us think about all the cases where things are less clear. Now it is somewhat unclear to me whether Heath takes himself to have developed such a theory in his paper. But I take it that his mobilization of an welfarist-economic approach throughout the paper (36, 60) implies that he would argue that this is the best candidate for the job. In my response I want to discuss whether this is right. Which theory for deciding privatization do we need?

I do not come to these questions with a blank sheet. Elsewhere I have argued in favor of (at least the rudimentary outline of) such an approach (Claassen 2017). Here I want to use the occasion to update and expand on my earlier approach, in confrontation with Heath's stimulating paper. I will start by giving a more detailed sketch of the philosophical landscape of positions on privatization (section II). After that I will confront my approach with Heath's on three issues: the identification of public interests (section III), the design of markets (section IV) and the role of ownership (section V). On each of these issues, I will suggest that Heath's welfarist approach does not give us what we need, and I will argue for a contrasting perspective. Now I do not think this will decide the debate, since Heath may argue that many of the contrasting considerations can be absorbed into a welfarist theory (the absorptive capacities of welfarist-economic theories are renowned). But such acts of absorption will render the welfarist theory into more of a complex hybrid, and then we need to know how the relations between the different parts within such a hybrid would be structured. Whatever of the prospects of welfarism, I hope my remarks will help the debate further, towards the development of normative theories of privatization (welfarist or not) sufficiently rich to tackle the relevant 'hard cases' on their merits.

II. THE PHILOSOPHICAL DEBATE ABOUT PRIVATIZATION

The field of philosophical approaches to privatization is usually divided into two camps: instrumentalist versus non-instrumentalist (Cordelli 2020, 31–42; Schwartzberg 2018, 1), outcome-based versus agency-based (Dorfman and Harel 2021, 1–2), or deontological versus consequentialist approaches (Heath 2023a, 26–31). On the one hand, privatization can be evaluated by judging it based on its outcomes, comparing outcomes under privatization with outcomes under a regime of public provision. A wide variety of criteria, economic (welfare, efficiency) and justice-based ones (egalitarian norms of distribution) can be used as outcomes. These theories lead to contingent statements on privatization's rightness or wrongfulness, since they depend on empirical generalizations about the effects of privatization. On the other hand, privatization can be evaluated on the basis of a priori arguments about what should or should not be the proper realm of private and public activity. These theories deliver necessary classifications, independent from empirical contingencies. Of course, this dichotomy is a simplification, but I will accept it here as a sufficiently accurate sketch of the field.[1]

[1] For example, Dorfman and Harel (2021) distinguish a 'process-based' approach as a third category, which I ignore here. And the application of the distinction to specific authors is always contested. For example, Cordelli (2020) classifies her own approach as transcending the instrumental/non-instrumental divide, while Heath classifies her theory as deontological (see also next note).

In his contribution, Heath argues that whatever the merits of deontological theories for certain core state functions (like law-making and judiciary functions, the military, and prisons), they are unsuitable for evaluating the economic functions of the state, such as the delivery of public utilities and welfare state services. As he states: "there are no global arguments for or against privatization" (41). He emphasizes how many lower-level services in the public sector are regularly and uncontroversially contracted out. As an antidote to deontological theories, Heath's message is that there are many unproblematic cases of privatization. Decisions need to be made pragmatically, by judging each case on its merits. Like Heath, I believe an instrumentalist approach is the way to go in thinking about the economic functions of the state.[2] But I will give this approach a different shape.

Instrumentalist approaches have two key features. They are *good-specific*: they do not target the aggregate level of privatizations throughout the whole public sector, but aim to evaluate privatizations on a case-by-case basis. Considerations about the particular nature of, say, higher education, water, energy, or social work, play an important role in instrumentalist approaches. Second, instrumentalist approaches are *comparative*. The privatization question asks us to make a comparison between public and market provisioning when a transition from the former to the latter is contemplated. But in principle, the comparative question also applies when a reversal (from market to public provision) would be considered; and it also should include non-market, non-state forms of provisioning, such as the 'commons' which some argue are a third alternative. The privatization question is but a special case of the more generic question of economic organization: by what mode of provisioning best to organize the production of good *x*?

The structuring of the field into deontological approaches on the one hand and instrumentalist approaches on the other hand, bears a strong resemblance to public debates about privatization. At least from my experience of following these debates in my country (the Netherlands), we find, on the one hand, economists and economically-inspired policy makers arguing in favor of a specific privatization. Economic theory offers well-established theories of market failure and government failure (public choice theory), and hence has great intellectual authority in these debates.

[2] Hence I will say nothing about the philosophical merits or problems of the deontological approaches that are his primary target. For my view of Cordelli's theory, see Claassen (2022). There I also discuss whether Cordelli's view is indeed 'global', as Heath suggests, or if it relies on empirical considerations.

On the other hand, those critical of privatization often put forward their objections based on intuitions that privatization in this-or-that case 'just would be wrong', without a backing into something closely resembling a systematic theory of the kind economics offers;[3] or alternatively, they also use economic theory to try to show privatization would be inefficient. Overall, this makes the impression there just is 'no other game in town' than economic theory.

To me, both sides are unsatisfactory. What we need is the project of an instrumentalist theory which allows for a systematic set of considerations, some of them independent from economic theory, others including but going beyond economic theory. Such a normative theory would have the potential of offering a rival to economic theory narrowly conceived. One of its additional virtues would be its ability to reintegrate some of the motivating concerns of deontological approaches into its instrumentalist framework.[4] For such a project, there are various directions. In my (2017) paper I conceived of it along the following lines. To think about privatization of a specific good/service, we need to distinguish ends and means. The ends of any system of provisioning for good *x* are the interests with respect to a good *x* that should be realized. A normative theory of public interests (or values, principles, rights), whether or not made explicit, is the source of one's judgments about this. The means are a range of possible institutional arrangements (private or public). They must be evaluated in light of their (expected) merits to fulfill the ends. In my framework, we need to take five steps, the first two steps being about the ends, the next two about the means. The final step concludes.

> Step 1: a normative theory of goods. For any good, we need to decide whether we think the state—as a matter of justice—should be concerned with its provision at all. I propose to think of this in terms of *social rights*: to which goods do citizens have a social right? We may come to a positive answer for some (for example, health or education), a negative answer for others (to wine or yachts). Only with a positive answer, do we need to move to steps 2–5. Various theories of justice

[3] To clarify: I am not suggesting the deontological approaches in the philosophical debate about privatization are analogous to these intuition-driven arguments. The similarity is in the categorical stance they take in rejecting privatization, not in the sophistication of the arguments used.

[4] I will not analyze the overlaps here, but roughly, I think the concerns about legitimate authority and the usurpation of public power that recur in deontological theories link up with the second main point I make in section IV, about the mutual influences between politics and economics.

could do the job for this first step. For example, a Rawlsian theory will cash this out in terms of a list of primary goods; a basic needs theory in terms of a list of basic needs; a capability theory in terms of a list of central capabilities; a human rights theory in terms of a list of human rights.[5] The theory-application will issue in a judgment of the form: 'in a just society, all citizens have an entitlement to enjoy good *x*' (where *x* is a public good or service, like health care, education, housing, water etc.). I will call this the *basic normative requirement*.

Step 2: a normative theory of reasons for considering the value of private versus state provision. The basic normative requirement implies that a state needs to take adequate care that all citizens can enjoy *x*. But it does not always have to provide these goods themselves. To think about this, we need a further set of criteria. Here I proposed a liberal framework, arguing to think about three separate criteria:

(2a) freedom/autonomy. As a default citizens value freedom of choice; that is to say, being able to choose between providers. But for certain goods citizens may lack the ability to make good choices.
(2b) inequality. Inequalities in provision are predictably larger under conditions of market competition than under state provision. One may regulate to mitigate this, but this typically undercuts the dynamic effects of markets as well.
(2c) efficiency versus inefficiency of market versus state provision. Markets have efficiency benefits when certain conditions are met. But whether they can be met is contingent (see also step 3).

These two steps offer an a priori set of reasons, which need to be applied to a specific good, in light of our more specific normative commitments. For example, depending on one's commitments, one person will judge inequalities in health care between citizens to be more acceptable than another person. But the final choice will not just depend on the weightings of these various factors in the realm of pure normative theory. For we cannot presuppose that the privatization of, say, a certain health care service, will lead to 'result *x*' on the freedom dimension, 'result *y*' on the

[5] For purposes of my argument, I will be agnostic between many such theories to make this paper's argument broadly acceptable. I suspect that many of these theories converge in their support for a basic normative requirement, for a standard list of public goods. For my own favored normative theory, see Claassen (2018).

equality dimension, and 'result *z*' on the efficiency dimension. This also depends on the markets that we get (as a result of governmental design and enforcement on the one hand, spontaneous processes on other hand). Hence we need to consider:

> Step 3: differentiations between markets: not all markets are alike (more on this in section IV). How we expect markets to perform on the three reasons identified in the previous step, depends on what markets we will get when privatizing them. This in turn depends on what is achievable politically.
>
> Step 4: democratic decision-making in service provision. For many goods/services, even when they are privatized, there is reason not to 'simply privatize', but to embed the privatized service in a context in which service users and sometimes also citizens at large can raise voice, not just 'exit'. Designing appropriate mechanisms of voice is the institutional challenge at this step.

Steps 3 and 4 together provide a picture about what a privatized system would offer, at its best. I presume a similar exercise is/has been made about the existing state-based system. Together, this shows:

> Step 5: application to come to a decision: a democratically legitimated body needs to make a decision, by combining the criteria under step 2 with the market designs options under step 3 and 4 (including an estimation of how realistic these are) as well as knowledge of the existing public system. It ends up in favor or against the privatization of a particular good, under a particular institutional design.

In light of this framework, I will now delve more deeply into the question of how to determine the public interest (section III), what theory of markets to adopt (section IV), and the question of ownership (section V). This will provide me with the occasion to refine and modify steps 2, 3 and 4, respectively, and confront Heath's theory at every stage.

III. HOW TO DETERMINE PUBLIC INTERESTS WITH RESPECT TO A PUBLIC GOOD/SERVICE?

How to develop a satisfactory normative theory of the public interests in question? Economic theories rely on efficiency as the guiding norm, an approach adopted by Heath throughout his work (Heath 2011; 2014). The operationalization of this norm happens through the theory of market failure. The perfectly competitive market is the theoretical benchmark; there is only a rationale for public provision if markets fail to work efficiently.

Efficiency is a tricky concept. In the abstract, it is a *formal* norm comparing arrangements which aim to satisfy multiple ends: "an allocation of resources is efficient if it is impossible to move toward the attainment of one social objective without moving away from the attainment of another social objective" (Le Grand 1990, 559). As Le Grand argues, this is incompatible with seeing efficiency as one of these primary objectives itself. Efficiency is a relation between two (or more) primary objectives. None of these objectives is efficiency itself. Under this formal understanding, the infamous equity/efficiency trade-off is incoherent, since it treats efficiency as a norm and opposes it to equity (Le Grand 1990, 560). The trade-off should be understood as referring to a *substantive* interpretation of efficiency, such as Pareto-optimality. A situation is Pareto-optimal if the well-being of one person cannot be improved without reducing the well-being of others. Thus understood, Pareto-optimality includes the acceptance of a particular norm of equity. What gets traded off is the equity embodied in a Pareto-optimal arrangement against equity as understood by any other norm of equity, informed by one's favorite theory of justice (Le Grand 1990, 566). Pareto-optimality is just one example of a substantive efficiency norm, but it gains particular salience given its popularity in economics.

In moving forward, then, we need to decide whether to accept Pareto-optimality as the only relevant norm to identify public interests or as a norm that needs to be complemented with and where in conflict, traded-off against, non-welfarist norms of social justice. Heath is a fervent defender of exclusively Pareto-based theorizing in other contexts, such as the debate in business ethics about the moral responsibility of firms (Heath 2014). By contrast, Singer (2018a) and Blunden (2022) have both argued that Heath's market failure framework needs to complemented with non-welfarist norms. What about the privatization question? Here too, Heath explicitly refers to his own framework as based on market failure theory (Heath 2023a, 36, 60).[6]

[6] The issue is bit more complicated, because Heath does acknowledge at a few places in the text the moral relevance of egalitarian considerations. For example, he is concerned about costs "borne disproportionally by the disadvantaged" (2023a, 52) But he does not offer a systematic view about the relation between justice norms and efficiency-based

Now this is obviously in contrast to those authors who, in the debate about privatization, have proposed justice-based theories (for an overview, see Cordelli 2020, 24–33). These authors often combine justice with efficiency; the result is a Pareto-efficiency-cum-justice theory for determining the public interest.[7] In practice, such theories support the endorsement of many privatized arrangements (for their efficiency gains), and then supplement market-based provisioning with state subsidies to poorer consumers to prevent unjust outcomes. This is a pragmatic, voucher-based strategy to combine the efficiency virtues of markets (when present) with a concern for mitigating inequality (when it works). Should we choose between Heath's purely-Paretian approach or such Pareto-plus-justice approaches? In the following, I want to propose yet another way forward, which leaves Pareto behind. It does integrate efficiency and justice considerations, but in a different way, making use of the formal, non-Paretian sense of efficiency mentioned above.

In a variety of contexts, practitioners have come up with what they call a 'public service trilemma'. The idea is that three often-recurring values in public service provision pull in different directions: affordability, accessibility, and quality.[8] For any of these three values, picking two of them puts pressure on the third one (see figure 1 for illustration).[9] Take health care as an example. First, one can design a health care system that is accessible to all, with low eligibility thresholds and no private co-payments, and that delivers high-quality care per patient. Such an extensive,

reasons (and in other work, such as Heath (2011), he explicitly argues against the use of egalitarian reasons for thinking about the boundaries of the welfare state). So for now I will read Heath as arguing that for privatization, justice-considerations should play no role.

[7] We can distinguish a weak and a strong form of such combined theories. On the *weak* version, justice norms are merely used to decide between Pareto-optimal allocations (hence where Pareto itself is indifferent), on the *strong* version justice norms can push the theory towards a Pareto-non-optimal arrangement. In practice, such theories support the endorsement of privatized arrangements (for their efficiency gains), and then supplement market-based provisioning with state subsidies to poorer consumers to prevent unjust outcomes.

[8] These three values here provide a revision of step 2, in that they can show us in more detail how to apply the criteria of equality and efficiency (I leave freedom/autonomy out of consideration here).

[9] Years ago, I came across this trilemma in a policy document. Trying to relocate its origins in the academic literature for inclusion in this paper has been a hassle. In higher education, the original source seems to be (Ansell 2010, 165), who refers to 'level of enrollment' (accessibility), 'degree of subsidization' (quality) and 'overall public cost' (affordability). In health care, independently, the trilemma emerges as 'the iron triangle of health' in Kissick (1994).

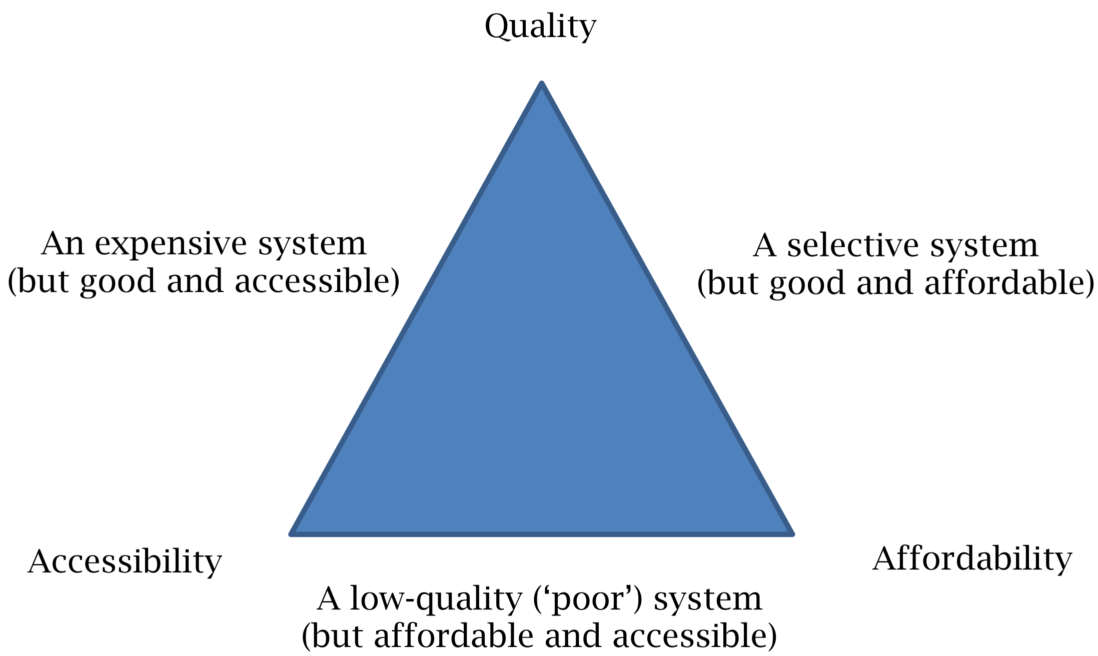

Figure 1. Public Service Trilemma

high-quality system is going to be expensive to the public budget, however. This will crowd out what can be spent on other public goods. Second, if one instead prioritizes a more modest public budget for health care (to diminish this pressure on the public purse), and also wants to maintain its accessibility to all, then one is bound to cut back on quality. Third, if one wants to avoid quality deterioration but hold on to the affordability of the system, one must make the system more selective, by designing higher eligibility criteria and/or co-payments.

The public service trilemma is just a simplified framework. But it forces policy makers (and normative philosophers) to move beyond a very generic normative basis (that *x* is a basic right, primary good, central capability, etc.), to something more precise: a view of how—from the perspective of one's favorite normative theory—trade-offs between at least three public values with respect to the provision of *x* need to be made. None of these three values simply represents 'equity' or 'efficiency'. Instead, 'equity' and 'efficiency' each get a different place in this alternative framework.

Equity considerations motivate a concern for *all* three values of quality, affordability, and accessibility. A concern for *accessibility* is a concern about scope: to spread access to a particular public service to a wider range of citizens. It is almost self-evident that this is an egalitarian consideration. Perhaps less obviously, the value of *quality* is also egalitarian: it relates to the fact that the basic normative requirement to provide health care, education, etc. is always to provide it at a certain *level*. A poor product does not suffice, an egalitarian wants to get the target population to the quality level normatively required. Finally, egalitarian considerations motivate concern for *affordability*: how much of good *x* can be provided while at the same time leaving public funds for other normatively required public services (at their own normatively required levels)? Egalitarian justice as a generic norm pulls in various directions when thinking about public services. More specification is needed to come to a particular balancing of various egalitarian concerns in the situation of the public service trilemma.

The role of efficiency is also reconceived, compared to theories that adopt Pareto-optimality as the overarching norm (with or without supplementary justice considerations). In the trilemma framework, efficiency refers to the extent to which these various public interests can be simultaneously satisfied, hence how sharp the trilemma is. Efficiency returns to its formal meaning, of a handmaid, preliminary and subservient to the other three values, which are primary 'social objectives', in Le Grand's terms. It may (or may not) be possible to increase performance of the system on one value (say, accessibility) without paying the price for this in terms of one of the other two values. If so, the system is inefficient. But when no further increases in one value are possible without decreases in (one of) the other two values, the system is efficient (these judgments can change over time; for example, lacking uptake of technological innovations may turn efficient systems into inefficient ones). Efficiency analysis helps the public interest-theorist, by informing them how sharp the trade-offs between the fulfillment of the three public values are expected to be in practice.

Now one could object to this that what is doing the work here is still a norm of Pareto-efficiency, but now at a meta-level, in the consideration of the relation between the three values. In reply, two things. First, this is true, but as an artefact of the fact that I adopted Le Grand's definition of the formal notion of efficiency (see the quote above), as one in which a system is efficient when it cannot improve on objective A without a set-back in objective B. One could equally adopt a definition of the formal notion of efficiency along Kaldor-Hicks lines, so that a system is efficient when the gain in objective A leads to a comparatively smaller set-back in objective B. Second and more importantly, the three values over which the efficiency calculus is made are themselves motivated by egalitarian—not welfarist—considerations, as noted above. And most importantly, efficiency here does not define the public interest in question, but it merely helps us to see to what extent we can escape a trade-off between these values. It does not help us in making the choice between them, to the extent that such an escape is unavoidable.

Years ago, I saw this trilemma live-in-action, when a room full of academics were passionately debating the budget cuts the government wanted to impose on our (publicly funded) university. Some said: 'well, if this is the money the government is prepared to give to the university, we should accept that students get lower quality' (that is, less attention/instruction from their teachers, given that a smaller budget allows fewer teachers, hence a lower teacher/student ratio). Others said: 'we should provide the same quality, but to fewer students. Let us make academia more selective and reserve higher education to a smaller part of the population'. Still others said: 'we want to maintain accessibility and quality; so we should strike, not accept the budget cuts, press government for more funds'. All of these are reasonable positions. Efficiency cannot decide between them. Because the government did not take back the cuts, and did not allow universities to be more selective in their admissions, and because dedicated university teachers often hate lowering quality for their students, the only way forward was to search for ways to (somehow magically) work … more efficiently.

Heath briefly mentions education when discussing type-1 privatizations, noting that in a public system not charging (sufficiently high) user fees creates congestion (student crowd classes by attending); and that it leads to cross-subsidization between students who derive variable benefits from their (philosophy versus medicine) diploma's. I agree with these as factual statements. But he presents these phenomena as reasons for privatization. But how so? It would seem to me that in both cases, we can see that a free market for higher education will solve the issues of cross-subsidization and congestion *differently* from a publicly provided system. Take congestion. Variable fees in a free market will solve congestion by raising the price. Keeping quality constant, some parents/students will drop out because they cannot/do not want to pay the price; others will sacrifice their savings or take out loans. The trilemma is resolved through the market mechanism, which leads to Preto-optimality (if all goes well), as well as the realization of its own concept of equity (as we saw Le Grand argued).[10] Heath confirms this when he suggests the 'general principle' that—under certain conditions—citizens should pay according to their benefit from public services (2023a, 45). But the other option is to solve the problems through a public system, and then the outcome will depend on political convictions about which values should weigh more heavily. When congested, the government may decide to accept lower quality ('good enough'). Or to increase taxes and increase expenditures, to maintain quality. Or to restrict access. Anyhow, the choice *between* these market and state-based ways of solving the problems mentioned by Heath, cannot be made by reference to efficiency. His welfarist framework diagnoses the problem of congestion, but—as far as I can see—does not offer reasons for the superiority of the specific route of privatization. That route embodies its own, implicit, trade-off with respect to the trilemma's three egalitarianism-motivated values. It may, or may not, be superior to the alternatives.

The trilemma framework asks us to make a public judgment about the trade-off between the relevant values; this is what will be 'the public interest' in the matter at stake. But I hasten to add that this normative perspective does not imply a bias in favor of public over market provisioning. The normative theory is about the ends, not the means. It is fully compatible with (regulated) markets, if these prove to come closest to *realize* the value trade-off made in the theory. But this is different from letting market forces *make* the choice for us. Why insist on this social planner's perspective about the choice with respect to the trade-off? Ultimately, the reason for this is that the goods in question are a matter of justice (that is, qualifying as generating a 'basic normative requirement' of justice, per step 1 of my framework).

This perspective is also, I take it, in line with the dynamic of public debates about these matters. In the last decades, many Western countries public services were privatized but—perhaps unsurprisingly—public concern about these services has not diminished. As soon as a privatized system falls short of meeting public expectations, the government is criticized for failing to regulate the market to meet these interests. Although private providers are legally responsible for failures to live up to public standards, the public continues to address their complaints to parliaments and government officials. Apparently, there is a non-market moral

[10] And, Le Grand adds that it is a "particular, and to many a rather unattractive, concept of equity, one in which a greater value is placed on increases in the utility of the better off than on similar increases for the worse off" (1990, 565).

baseline—which is continuously re-established through public deliberation and contestation—about what 'we the public' expect (in terms of affordability, accessibility, and quality) when it comes to specific public goods and services.

My aim in this section was not to argue in favor of a particular balancing of the three values in the public service trilemma. I am not even claiming that these three values are exhaustive (although I think they do cover a lot of what is usually discussed in cases of privatization). The aim of this section was more modest, that is to offer an alternative for theories that use Pareto-optimality as one of, or even the only, relevant norm for determining the complex balance of values we call 'the public interest'.

IV. Market Design, Power, and Politics

So far, I have made use of a rather undifferentiated picture of 'the market'. But now we need to move beyond this. To make decisions about a scheme of privatization, we need to know the prospects for markets to protect the (balance of) public interests, whatever we judge it to be. Such an inquiry could be conducted in purely economic terms, along the lines of a theory of market failure; but in this section I want to suggest we need a broader view, which in addition to market failures stresses two themes: 1) markets are always embedded in a set of social and legal norms; each of which leads to different market types where different groups are (dis)empowered; and 2) marketization may affect the ability of politics to set and enforce these norms in the first place, resulting in a vicious circle.

IV.I. Market Design and Power: Differentiating Market Types

To introduce the problem, let us start from what I take to be a key passage in Heath's paper:

> It is certainly the case that highly competitive markets tend to promote firms with efficient internal organizational structures, just as markets with low barriers to entry are very effective at rewarding innovation. But it is not the private ownership structure of firms that is generating these beneficial effects, it is the external environment in which they are operating. Some of the greatest disappointments in the history of privatization have occurred when states sold off assets to the private sector, but failed to create a competitive market for those firms to operate it, leading to the grim discovery that private monopolies can be just as inefficient as public monopolies, and often more

> infuriating to deal with. Thus the promise of efficiencies arising merely from the change in ownership structure winds up being a free lunch (that is, an illusory benefit). (2023a, 40)

Two points emerge from this passage. First, the *insufficiency of ownership* thesis. A shift of ownership is insufficient to bring about the often-promised efficiency improvements of privatization, since these benefits only materialize if the external environment is organized as a competitive market. Second, then, the *necessity of competitive markets* thesis. Privatization requires competitive markets. In this section, I concentrate on the latter (ownership follows in section V).

Heath relies on standard economic theory, in particular the theory of market failures.[11] Successful privatization requires *market design*. As Heath suggests, states can fail at this job—which is when we get 'infuriating' private monopolies. This hints at theories of government failure, which Heath does not explicitly discuss in his paper. Market and government failure are two necessary parts of any comparative evaluation of the merits of market and state provision. A comparison between an idealized market model and a moderately successful ('realistic') public provider (or vice versa) is unfair and unhelpful. The early waves of enthusiasm about privatization in the 1980s and 1990s very much relied on a lack of experience with the difficulties of market design; a few decades later, a more sobering attitude prevails amongst many policy makers. Realism about markets is realism about their failures plus realism about government's abilities to remedy these failures.

My suggestion here is that we need to move beyond competitiveness as the only relevant feature of market design. Competitiveness leads to a differentiation in terms of a spectrum of more or less competitive markets. While this is necessary, it is not sufficient. The relevance of this for the theme of privatization is that there is not one (economic text-book) way to privatize, that is to establish competitive markets. There is a multiplicity of design choices, each of which consists of legal norms, leading to various outcomes on other dimensions than competitiveness, most notably the power of different groups. Markets are always socially and

[11] Moreover, Heath rightly points to a second component of the theory of markets needed for assessing privatizations: the theory of efficient contracting. Much of the problems in privatizations arise, as he notes, from problems in contracting *between* outsourcing states and market parties (2023a, 45–47, 51, 54).

legally embedded, in informal and formal norms which determine the allocation of power between market participants.[12] As Jane Gingrich argues:

> Markets in public services will never match a neoclassical model of perfect competition […]. However, there is no single 'second-best' public service market. Several structural features of public services create significant trade-offs among different modes of distribution and competition, and the concomitant incentives that they create. (2011, 8)

To deal with this plurality of options, we need a theory displaying the major design options and their normatively salient features. Gingrich provides a good example. She studied how privatization experiments in various countries can and have empowered different groups, depending on the power constellation in politics when privatized. She distinguishes two dimensions: production and allocation. The allocation dimension is about whether public regulation and financing of markets lead to selective access to the neediest, or more robust universal access to a larger group of users. The production dimension is about the structure of competition, and the extent to which it empowers the three groups involved (the state, users, and producers) to realize their preferences about the balance between costs, quality, and profits (for summary, see table 1 below). States

Allocation Dimension: Responsibility for Access	**Production Dimension: who has Effective Control?**		
	State: efficiency aims	Users: Quality aims	Producers: Profits and rents
Collective	Managed Market	Consumer-Controlled Market	Pork Barrel Market
	Recent English contracting in education	*Swedish health care market in the early 1990s*	*English elderly care market in the 1980s*
Individual	Austerity Market	Two-Tiered Market	Private Power Market
	Dutch health care markets	*English education market*	*English elderly care market since mid-1990s*

Table 1: Variation in market types. Reproduced from Gingrich (2011, 12)

[12] The social embeddedness of markets is a longstanding theme in economic sociology, following the groundbreaking work of Karl Polanyi (2001) and Mark Granovetter (1985). More recently, legal institutionalists have taken up the theme of legal embeddedness (Deakin et al. 2017; Pistor 2020), following the lead of older generations of economic institutionalists (Commons 1995).

want low-cost services, users want high-quality services, and producers want profits. The result is six distinct market types, depending on the design choices made (see table 1).

Perhaps the details of Gingrich's classification scheme can be improved upon; I am not wedded to any of the particulars. Here the scheme serves as an illustration of how a power-based analysis leads us to consider multiple market types, which each have different outcomes. The market is not a neutral conveyer of pre-existing inequalities in power and wealth, but can enlarge or diminish them, depending on the design (Dietsch 2010).

This attention to power-differentiated types of markets is largely absent from Heath's discussion. A good illustration is his treatment of type-II privatizations, where the state contracts out (2023a, 45–51). Here too, he launches a general principle, that is to say "if the market is reasonably efficient, the egalitarian objectives can be achieved through monetary transfers" (50). This motivates a reliance on markets for essentials such as food and housing, where we do care about who gets how much. The discussion motivating this principle relies on examples of the (often overlooked) power-asymmetries within the public sector, where insiders (powerful public officials) can skew public provisioning away from the general interest (50–51; "accumulation of significant resources and economic power within the state"). In Heath's comparison, however, I found it strange that no attention is paid to similar power-asymmetries that can arise within the market sector, and what that means for our judgments about privatization. This is exactly the kind of analysis Gingrich's typology puts forward. In Heath's discussion, the market is presented as attractive based on efficiency (with only an efficiency-based qualifier: 'if the market is reasonably efficient'), the public sector based on power-differentials.

Again, this focus on public sector power-problems is perhaps because the aim of Heath' text is to undermine a pro-state bias in his audience. But when we move forward to theorize privatization, both efficiency and power should play a role on either side.

IV.II. Market Design and Politics: Addressing Political Dynamics

Market design presumes a social planning perspective. A lot of recent literature, however, emphasizes how market design is an outcome of political processes that are themselves under the influence of market actors. This we need to take into account.

From the point of view of a normative theory (whether created by economists, philosophers, or an expert bureaucratic elite), a certain market design may be optimal. But in reality, market actors have often successfully influenced the process to skew the design to their benefits. A representative example is sociologist Colin Crouch, who documents how and why privatizations have often failed to deliver on their promises. The political influence of business is key to the explanation (2011, 71–96). There is by now a large literature by economists explaining tendencies to concentration in markets and their political effects (Davis 2022; Eeckhout 2021; Philippon 2019). Theories of rentier capitalism describe how corporations with market power extract rents from others in the economy. Protection of their ability to control key assets which deliver these rents is a key part of the explanation; and part of this ability is exercised through political influence (Piketty 2020; Christophers 2020; Sayer 2015). Perhaps the most impressive achievements in understanding the feedback loops between political and economic actors, come from economic historians and economists with an interest in long-term history, such as Acemoglu and Robinson (2012; 2019), Bavel (2016), and North, Wallis, and Weingast (2009). In their work, they show how throughout history attempts at rent-seeking by elites have influenced the design of political and economic institutions and their mutual relations: 'extractive' institutions when elites win; 'inclusive' institutions when a broader set of the population successfully mobilizes against this.

Against this background, I cannot share Heath's remarks in his conclusion, that "a great deal of the political rhetoric surrounding privatization is a hold-over from an earlier era, in which social-democratic parties were still committed to the gradual nationalization of the entire economy" (2023a, 59). This makes it sound as if citizens and others (a few sentences later, he adds egalitarian philosophers to the party) who are concerned about privatization are relics from the post-war decades. In my observation, most critics of privatization are motivated by the extraordinary failures of *today's* private companies to work in the public interest. This is not an antiquated worry from people growing up during the heighdays of flower-power and Che Guevara. Key example are the banks, which were nationalized in some countries in the wake of the 2008 financial crisis since there was no other way to save the financial system from collapse; big tech companies, which drive many politicians and policy makers to madness, in their abilities to invade our privacy, render us addicted to social media, and spread fake information manipulating democratic processes; and energy companies, a renewed target of pleas for nationalization, since critics see no other way to put them on a track to seriously investing in sustainable energy resources and stop them from putting money into new fossil investments. Some of these companies (or their precursors) were formerly in public hands (such as banks and energy companies). Others would probably have been in public hands, had they existed 50 years ago (such as tech companies).

My point in mentioning these examples is *not* to suggest that (re-)nationalization of these industries would always be our best option. Yet another solution may be a different, non-extractive type of ownership design (see next section). The point here is that concerns about privatization derive from legitimate worries about concentrations of power and wealth today, and their political effects. To understand how such extractive market designs can (if at all) be prevented, a philosophical theory of privatization would need to incorporate the politico-economic models mentioned above (Claassen and Herzog 2021). As a result, it may endorse conclusions which diverge from textbook economics.

An implication of this is that we may need *more* controls on producers, to prevent unwelcome political dynamics from market power, than a purely economic analysis would suggest. Acemoglu and Robinson in their work on state-market dynamics make the following observation. In their view, 'textbook economics' prefers not mingling with the price mechanism, and redressing any inequalities post hoc through fiscal redistribution. Against this they argue:

> But this way of thinking incorrectly separates economics from politics. For the Leviathan to take market prices and the distribution of income as given, and just rely on fiscal redistribution to achieve its objectives might translate into very high levels of taxes and redistribution. Wouldn't it be better, especially from the viewpoint of controlling the Leviathan, if market prices could be altered so as to achieve some of these objectives without as much fiscal redistribution? This is exactly what the Swedish welfare state did. The social democratic coalition was built on the corporatist model wherein trade unions and state bureaucracy directly legislated the labor market. This generated higher wages for workers and meant that was less need for redistribution from the owners of capital and corporations to labor. (2019, 475)

This passage is about wage policy and inequality, but the same message would apply to privatization. For as I mentioned above, Heath makes very similar remarks with respect to the choice between markets plus redistribution through tax-and-transfer measures and in-kind provision as public goods, arguing for the economic superiority of the former (2023a, 50). As Acemoglu and Robinson suggest, political dynamics should be weighed in when setting up such markets, and this may lead to different market designs from the ones we would adopt if we merely took an economic lens. In particular, we could look at market designs in which public interests are realized through the actions of private actors themselves, so that governments do not need to correct them post hoc through the fiscal system (ownership design is part of that picture; see the next section). These options are now absent in Heath's account which contrasts public provision with a textbook picture of competitive markets.

Both observations in this section are meant to show the limits of anodyne theorizing based on economics alone. Intellectually, the anodyne perspective is fine as long as we deal with easy cases, and in this sense is like skating on a lake where the ice is solid and perfectly frozen. But as soon as we approach the places where the ice is thinner and holes may lay hidden, it provides less confident guidance. Practically, we need to know 'what we buy' when we accept privatization, and the differences in markets here suggest the need for market typologies addressing different allocations of power, and political-economic analyses of the interaction between politics and the market, in addition to economic theory.

V. THE OWNERSHIP OF PRIVATIZED CORPORATIONS

As we saw (see the quote in section IV), Heath argued that ownership is itself *insufficient* in determining the outcomes of privatization. Both privately and publicly owned companies have their success stories as well as major failures. In his view, the company's institutional environment (whether markets are competitive or not) is the pre-eminent consideration. But I want to argue that the internal ownership structure of the company is an equally important determinant in the patterns of control and profits arising after privatization. Hence any government contemplating a privatization must think about the kind of ownership structure it wants to see prevail after privatization.[13]

[13] Note that I am focusing here on Heath's type 2, 3, 4, and 5 privatization, not on type 1 where ownership remains public. One can even question whether type 1 cases are instances of privatization since there is no change in ownership structure.

One approach to this question is that once you privatize, the ownership structure is left to private initiative. The assumption is that when ownership is not public, it is private—and while the latter can take different shapes, these different options are beyond the remit of the privatization debate. This is probably the reason Heath does not address the ownership question in his paper, although he deals with it extensively elsewhere in his work (see below). However, the standard ownership structure in the private sector—the investor-owned and shareholder-driven firm—tends to put pressure on the interests of other stakeholders related to the firm. In many instances, these pressures motivate criticisms of privatization. So when thinking about privatization, alternatives for the investor-owned firm need to be on the table (either as mandatory structures for the sector, or as options to facilitate or stimulate), to see whether these worries can be assuaged.

In investor-owned companies, outsider equity investors own the shares instead of one of the other corporate constituencies (such as workers or consumers). These companies are shareholder-driven when the board of the company has a fiduciary duty to shareholders alone, understood normally as the injunction to maximize their profits. This arrangement would be socially optimal for all parties involved. However, lawyers (Stout 2012; Robé 2011; Mayer 2013), political theorists (Ciepley 2013; Singer 2018b) and economists (Mehrotra and Morck 2017; Magill, Quinzii, and Rochet 2015) have argued that shareholder-driven firms tend to exploit non-shareholders. Heath does not deny this risk. He accepts that firms can often “exercise significant market power over its constituency groups and that law and contract typically offer them incomplete protection” (2014, 140). In his view the solution lies in an appeal to ethics: managers should have the “moral imperative […] to avoid taking advantage of the situation”, operate “subject to a set of deontic constraints in dealing with other constituency groups” (141).

The relevant moral imperatives are derived from the market failure approach (MFA) to business ethics. On Heath’s account, these offer a clearer and more parsimonious set of norms compared to stakeholder theories of the firm.[14] Heath’s argument for resisting these theories (“the

[14] I will leave aside the debate about whether the norms of MFA are sufficient as a benchmark for firms’ ethical obligations, or whether a wider range of moral norms is more appropriate (Singer 2018a; Blunden 2022); and also the debate about whether these norms are more or less equivalent from what would follow from stakeholder theory. Marc Fleurbaey argues that the stakeholder approach, maximizing the total surplus of

deep, well-worn rut of multi-fiduciary stakeholder theory" (2014, 139)) is that this creates inefficient forms of decision-making. Based on Hansmann (1996), Heath argues that the costs of collective decision-making by non-investor patron groups are too high to make this structure efficient (for most industries), because investors have a more homogenous interest (profits) than other patron groups. Investor control creates less conflicts in decision-making, hence lower costs. The proof is counterfactual: otherwise, non-investor groups would already have taken ownership, in a much wider range of markets. This does not mean that non-investor groups are better off under investor ownership; indeed, even society (the sum of all groups) could be better off under non-investor control. However, this position cannot be reached due to the transaction costs for non-investor groups (for details, see Heath 2014, 132–136). Ethics is supposed to make up for the difference, to make managers do without transaction costs what the non-investor groups cannot do for themselves.

To appreciate Heath's position, I want to frame the issues in terms of the question which form of corporate governance is more effective: an *ethical* approach relying on managerial moral duties; or a *normative* approach which gives control rights to stakeholders, so that they can bargain within the corporate governance structure to protect their interests.[15] This choice in my view does not run parallel to the choice between MFA and stakeholder theory, but is orthogonal to it. Both MFA and stakeholder theory can either defend their norms as (merely) moral obligations for managers or as norms that are to be enforced through control rights for stakeholders.[16] How to weigh the additional costs of decision-making with a larger set of stakeholders against the benefits of doing so?

On the cost side, it seems to me hard to deny that implementation of MFA and stakeholder theory have higher decision-making costs compared

the firm to all stakeholders, yields management rules that are equivalent to Heath's market failure approach (2023, 249).

[15] Here I abstract from the otherwise important distinction between control rights (which give voice within corporate governance) and profit rights (the right to receive dividends). One can give non-investors control rights without profit rights (as in German co-determination system), or via giving full ownership rights (as in cooperatives). I take both as possible pathways, under the umbrella of 'ownership', in this section.

[16] Indeed, stakeholder theory is itself divided on the question. Early stakeholder theories advocated giving control rights to stakeholders, but later stakeholder theories refrained from doing so. Stakeholder theory became a theory telling managers how to rule, but not about introducing 'stakeholder democracy' (Moriarty 2014). Interestingly, there is now a new wave of stakeholder theories again arguing for stakeholder control rights, based on insights from economic theory (Mehrotra and Morck 2017; Magill, Quinzii, and Rochet 2015; Fleurbaey 2023; Fleurbaey and Ponthière 2023; Stoelhorst and Vishwanathan 2022).

to shareholder theory. Stakeholder theory advocates most often accept this. As to the MFA, we need to remind ourselves the norms of market failure are indeterminate, and require quite a bit of interpretative work, or 'judgment', to apply them to the real world (Moriarty 2020; Bennett 2023; Singer and Ron 2023). Heath acknowledges this, and calls for 'phronesis' by managers in the application of the norms of market failure (2023b, 103). But once this is acknowledged, it seems to me that the force of the traditional objection against stakeholder theories—that they do not provide a single objective function to evaluate managerial success—is considerably weakened. That point, repeated over and over by shareholder-primacy theorists, depends on the idea that stakeholders take care of their own interests through contracting with the firm. Heath (rightly) rejects this "let them eat contracts" view (2014, 136). But while the MFA avoids the language of fiduciary duties to stakeholders, the moral duties to stakeholders that enter *via* the categories of market failure still do need to be balanced with the fiduciary duties to shareholders. Hence the decision-making costs of the MFA-abiding firm are also higher than those of the shareholder-wealth maximizing firm. Managers need to find out what the moral imperatives or deontic constraints are, which apply to their decision-making situations. A heterogeneity of interests enters the calculus. To get information about the size of negative externalities, or the extent to which stakeholders suffer from information asymmetries, they may need to be consulted. At the end of the day, a balancing of considerations must take place. These activities, associated with stakeholder management, will also be needed when managers follow the MFA.

Based on this acceptance of the enhanced costs of any ethical approach, we need an estimation of the *additional* increase in decision-making costs when moving from the ethical to the normative approach. Additionally, that is, to the increase in moving from the shareholder wealth maximizing approach (made famous by Milton Friedman 1970) to the ethical approach (MFA or stakeholder theory). If, as I suggested, the real cost increases are in the latter move, then the cost increases in the additional move to political empowerment will probably be relatively modest. The information and consultation sessions with stakeholders now change into bargaining sessions, but they should take the same amount of hours (if upon a shift from the ethical to the normative approach, one discovers that the latter take many more hours, then one should wonder whether stakeholder interests had effectively been protected with the information and consultation sessions in the first place).

On the benefit side, it would seem that a normative approach offers more secure enforcement of legitimate stakeholder interests that cannot be effectively enforced through law or contract. For, other things equal, a norm backed-up by real bargaining power is more effective than a norm which must rely on the goodwill of the person who has to sacrifice to adhere to that norm (for a full account in the context of stakeholder theory, see the arguments by Moriarty 2014). This is why important moral norms (such as prohibitions of criminal acts) get converted into politically and legally enforced norms, despite their costs of enforcement. This is one way of putting the issue: when making the same costs, the ethical approach leads to a lower level of benefits (stakeholder protection or MFA-norm-adherence) than the normative approach. Alternatively, we could hold the level of benefits in our comparison constant, for after all, these benefits are not optional: they represent *moral* norms. So we want to imagine a situation in which both approaches are effective in realizing adherence to these norms.[17] It seems that decision-making costs are only one factor. A much more important factor is that under the ethical approach, the firm will often face a competitive disadvantage against firms that do not behave as ethically (as Fleurbaey 2023, 249 says: "responsible management is as likely to win the market competition as a clean cyclist is likely to win the Tour de France"). By levelling the playing field, a normative approach solves that problem. It is quite hard to imagine how the ethical approach could lead to the *same* level of stakeholder protection (MFA-norm-adherence), against these costs.[18]

[17] This makes the cost-benefit analysis here different from Hansmann's approach. The latter is based on a bargaining process of what benefits each constituency group is willing and able to bid for, to assume ownership (hence assuming their initial endowments are just), not on the norms of separate moral theory of what benefit-level they are be entitled to.

[18] The ethical approach would need to make huge costs to overcome the competitive disadvantage. Call these *advocacy costs*. In the current cultural context (social norms) *A*, the effectiveness of reliance on managers' moral conscience (possibly supplemented with the effects of social shaming by non-firm actors on managers) leads to norm-adherence at level *a*. We cannot expect any further headway to the desirable (or morally required) level *b*, at least without additional advocacy costs (for example, the financial, time-related, and reputational costs of collective actions by academics, NGOs, and conscientious business leaders in pressuring businesses for following their moral compasses). Only eating these costs will (maybe) shift society towards a new cultural context *B* (set of social norms), in which firm managers are effectively compelled to shift the boundary of what their firms are prepared to do to *b* (against this, one might object that shifting a society to *B* is *also* necessary to create the political will to legislate mandatory stakeholder rights; and hence the same advocacy costs apply. That may be right. But in *B*, as in *A*, the political approach will lead to higher norm-adherence than the ethical approach).

Heath agrees that law and contract leave stakeholders with insufficient protection: there is an 'enforcement gap' after law and contract have been optimized. But we must go beyond *declaring* (as philosophers are good at doing, *ex cathedra*) what the relevant moral norms are which need to bridge the gap. We need to think about what is needed to actually get there. In this context, firm-level protection of stakeholder interests is best seen as an intermediary between 'perfect centralization' of decision-making, at the level of the state (law), and 'perfect decentralization', at the level of the market (contract) (Stoelhorst and Vishwanathan 2022, 12). Both extremes have been theoretical starting points for long-standing traditions of thought, respectively socialist state planning and *laissez-faire* economics. It is unthinkable that one of these levels on its own will be best suited to solve *all* problems of social coordination. Hence, we will always deal with a mix of law and contract, and we can pragmatically think about the distribution of moral labor between both levels as a matter of cost-benefit analysis. But why exclude the vast terrain in between? Here decisions are not centralized to the state, nor left to individuals acting on the market, but centralized for a certain subset of individuals smaller than 'all citizens'. The firm is the primary example. From the same pragmatic point of view, it would be surprising if this intermediate level would never be the best option to solve social coordination issues, and all of them would be best dealt with at the extremes of state centralization and contractual decentralization.

It may seem we have made quite a roundabout with respect to the issue of privatization. But ownership design is part of market design, and hence very relevant to privatization. When privatizing, governments can decide to worry about market design (the topic of the previous section) but decide to leave whatever ownership forms emerge to spontaneous processes. But alternatively, they can encourage or even mandate particular governance and ownership structures to help realize public interests that cannot effectively regulated by law or contract. Benefit corporations, cooperatives, foundation-owned companies, or social enterprises, are some examples of these. They have proven economically viable and successful in various countries and sectors, as research on cooperatives (Malleson 2014) and foundation-owned companies (Hansmann and Thomsen 2021) shows. The absence of this theme from Heath's discussion leaves us with a dichotomy, in which firms are either publicly owned or privately owned by their shareholders (or mixes between these two, as when discussing State-Owned Enterprises in 2023a, 55).

Ironically, this dichotomy may make privatization *less* attractive to those who are reluctant to introduce market competition. Ownership structures which provide more protections for stakeholder interests can be a promising avenue to combine the virtues of decentralized decision-making and market competition with these protections. This may win over some who would otherwise refuse to even think about privatization.

VI. CONCLUSION

Heath has done philosophers a tremendous service in enriching the debate on privatization with his economics-inspired view. His paper provides lots of analytical tools which helps to look at privatizations on a case-by-case basis and in a pragmatic spirit. With his approach, he positions himself on the other end of a dichotomy of non-instrumentalist (deontological) approaches on the one hand and instrumentalist-welfarist approaches on the other hand. My aim in this paper was to search for an alternative to break through the dichotomy. I have done so by offering a broadly instrumentalist theory which is nonetheless not welfarist. In my view, the ends we seek when thinking about socially vital goods (our theory of public interests) should go beyond Pareto-efficiency. As to the means we employ to realize these ends, we need a view of markets which takes into account not just their competitiveness, but also the distribution of power. This means we need to differentiate market types. Also, we need to differentiate ownership types. On both counts, I have found the picture Heath sketches leaves out too many of the variables that, in the end, may be decisive in whether or not a privatization is acceptable. When considering to privatize a public service, the central task is to think hard about what distribution of power and benefits we will get when we do so—including the question of how confident we can be that the government can design markets according to its plans and control the 'animal spirits' of today's financialized capitalism. Heath debunks the all-too-easy reluctance to privatize that some may still have. Moving forward, the economic frameworks on which he relies would best be employed in combination with the theoretical resources discussed in my response.

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