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## Productive Democracy

Joel ROGERS<sup>1</sup>

These are the best and worst of times for practical egalitarian democrats.<sup>2</sup> Globally, the number of peoples selecting their governments through free elections has almost never been higher, popular contempt for tyranny more evident, technical conditions for application of human knowledge to a host of pressing social problems more favourable, or local democratic innovation in that application more abundant. But also almost never, or at least in a very long while – especially in affluent capitalist democracies with rich social democratic traditions – has the corporate perversion and hollowing out of national democratic institutions, the weakness of worker and other popular organisation in influencing public policy, the lack of citizen confidence in and engagement with governing institutions, or the amount of unnecessary harm elected leaders are prepared to inflict on their own citizens been greater. Over the past three years, the generally pre-1930s collective response of those countries to the global financial crisis and ensuing contraction (itself triggered by collapse of a 17<sup>th</sup> century-worthy debt financed asset price bubble, studiously neglected by a government in hock to casino finance and intent on its deregulation), has offered a kaleidoscope of such democratic failure. That at this writing (September 2011) the main perpetrators of the calamity have emerged unscathed or even better off,

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<sup>1</sup> University of Wisconsin-Madison. My thanks to participants in *Beyond the Social-Civil Dialogue Dichotomy*, Brussels, October 2009, and *Re-Embedding the Market: crisis and reinvention*, Cambridge, MA/Melbourne/Cologne, December 2009, for helpful comments, and especially to Brad Barham, Isabelle Ferreras and Sanjay Pinto. Thanks too to Joshua Cohen, Charles Sabel and Wolfgang Streeck, co-authors of previous work (Rogers & Sabel 1993; Rogers & Streeck 1994; Cohen & Rogers 1995) that I draw on freely here, who are innocent of any errors I may have also introduced.

<sup>2</sup> By “practical egalitarian democrats” I mean those who, starting from within the constraints on political deliberation and social investment typical of modern capitalist democracies, seek the best achievable “reconciliation of liberty and equality” (Rawls, 1999: 179). There are many views of the requirements of such reconciliation, but I will stipulate here to the view of the source just given, viz. universal civil rights and liberties and a governing application of principles of substantive political equality, real equality of opportunity, and priority to improving the condition of the least well-off.

and the Right has gained more politically than the Left, suggests just how severely a competent and egalitarian democratic politics has been diminished.

Many egalitarian democrats, especially from the rich countries, fear that the combination of globalisation,<sup>3</sup> the effective disintegration of social democracy's social base, and the incompetence of national government before these and a host of broader regulatory problems and citizen demands effectively ends the practicality of their project. A recognisably modern as well as egalitarian democracy, much less a world of many such democracies, peacefully trading and otherwise working together to advance their own and humanity's prospect, seems a fantasy. Most expect continued national decline into variants of "post-democracy" (Crouch, 2004, 2011) amid widening international disorder, at least until some even deeper crisis (of unknown dimensions but, given its antecedents, no clear prospect of more favourable resolution) arrives. Egalitarian progress in the developed world will likely be halted or reversed for a generation or more, the time it will take for personal incomes in poor but technologically-equipped nations to come close to those in currently rich ones. And by that time, social collapse in the developed nations, a retreat from liberal democracy, mutating pandemic disease, militarised resource wars, climate change, other environmental catastrophes, or a variety of entirely unforeseen disasters are at least as likely as a peaceful resumption of egalitarian progress. Very few, certainly, are still confident in the current viability – meaning stable reproducibility, once achieved – of an egalitarian democratic project, locally rooted but globally cosmopolitan, able both to excite and organise a social base and govern efficiently, and sufficient in its collective international power to discipline and face down the mischief or malefaction of transnational corporate power and get back to the work of achieving humanity's promise.

I think that such a project, with an accompanying public philosophy, is in fact available – both in the limited sense of not being foreclosed and the bigger one of having a clear constituency and agent which, if organised, could put up a very good fight for its achievement. I don't

<sup>3</sup> By "globalisation" I mean, inclusively, reduced impediments to the flow of goods, capital, and at least some labour across national boundaries, the growing importance of transnational corporations with geographically dispersed production, and the recent addition (following collapse of the Soviet Union, India's turn from autarky, and China's embrace of market capitalism) of 1.5+ billion, often very poor, workers to the world's active labour force. Other, less narrowly economic phenomena (e.g., cross-border cultural homogenisation) are also associated with the term, but I limit myself to these because it is they which, according to the argument considered below, are said to have caused trouble for egalitarianism.

think this project is defeated by globalisation *per se*, but I do think its achievement requires that egalitarian democratic politics shed much of its traditional 20<sup>th</sup> century social democratic form. Here, I call this project and its associated public philosophy "productive democracy" (PD).<sup>4</sup>

Like social democracy, PD would premise the continued existence of private property, markets, complex economies, and international flows in ideas, labour, goods, and capital. And like social democracy, it would provide a high "social wage" of public goods and individual services guaranteed to all citizens. But PD would, throughout, highlight the centrality of productivity growth to achieving egalitarian ends and place a bigger and more visible bet on a well-ordered democracy's ability to elicit citizen contribution to creating social wealth and solving problems in governance. Its signature politics would entail efforts to develop and harness that contribution, not only assure fair representation and equity of outcomes. And it would define the general welfare not only by physical security and reasonably equal life chances, but by the capacity and incentive of all citizens to make such a contribution – to be meaningfully engaged in material politics.

The table "Three Public Philosophies" offers a highly schematic contrast of neoliberalism, social democracy, and PD. It focuses on characteristic problems in policy and governing in any mass democracy. Since PD's contrasts with neoliberalism are obvious enough, in introducing the idea here I limit myself to its contrast with traditional social democracy, focusing on policy and governing.

<sup>4</sup> I do not wish to exaggerate the contrast with social democracy, whose Nordic variant in particular has long emphasised some of PD's suggested politics. Nor am I particularly attached to the PD name itself. Other suggestions are welcome. And if the reader prefers to think of PD as "social democracy 2.0" (one suggested name I've resisted, though as much from distaste with ubiquitous use of software industry notation to describe almost any social change as substantive objection) or "new egalitarianism" or "resilient democracy" (some other suggestions) or something else, that's fine with me.

**Table 1 – Three Public Philosophies**

	<b>Social Democracy</b>	<b>Neo-Liberalism</b>	<b>Productive Democracy</b>
<b>Economic Strategy</b>	Effective demand	Inequality/incentives	Effective supply (productive infrastructure)
<b>Redistributive Peak</b>	Late	None	Early
<b>Equality of Opportunity</b>	Thick	Thin	Deep (infancy, household, politics)
<b>Social Contribution</b>	Enabled but not required	Required but not enabled	Strongly encouraged and enabled
<b>State/Civil Society Relation</b>	Active/distinct	Passive/distinct	Active/integrated (via problem-solving)
<b>Citizen Engagement</b>	Medium/structured	Low/structured	High/open
<b>Privileged Branch</b>	Executive	Judiciary	Legislature & problem-solving public
<b>National/"State" Relation</b>	Affirmative national	Limiting national	Progressive federalism
<b>Public Administration</b>	Executive delegation/rules	Incentives, privatisation	"New governance", democratic experimentalism, deliberative polyarchy
<b>Asset Redistribution</b>	No	No	Yes
<b>Insurance</b>	On labour income, health	None	Extended to asset & (via services) non-actuarial risk
<b>Tax Strategy</b>	Progressive on private income/profits	Regressive/flat on private income/profits	Tax universalism, progressive on luxury consumption, pollution, non reinvested profits
<b>Intl Economic Strategy</b>	Strategic protection	Forced integration	Managed diversity, curbed financial speculation, ended tax avoidance, global public goods

*And so on... high real freedom, opportunity, and responsibility & wide ownership and democratic power. A consistent narrative/frame that asserts democracy as a source of social wealth and learning, not just justice, and organises politics to realise that.*

In *policy*, PD would commit to an egalitarian "effective supply" of the needed ingredients of environmentally sustainable egalitarian wealth generation, not just effective demand for market goods and services. It would take a defining goal of public power to be the creation, in places, of a "productive infrastructure" of policy, institutions, and physical investments that supported the use of democratic power/organisation to foster both the maximally efficient, restorative, and value-generating use of all basic factors of production – i.e., natural (a.k.a. environmental), human, and physical and financial capital – and equitable sharing in

the benefits of that productivity.<sup>5</sup> PD would also focus redistributive efforts earlier in the life-course, include assets as well as income in redistribution, and seek directly to relieve household (e.g., gender-based inequalities in its division of labour) as well as class-based barriers to political participation. It would use taxes more deliberately to promote savings and investment, with steeply progressive taxation on waste, luxury consumption and non-reinvested profits. PD would also embrace "tax universalism" (progressive taxation of public income, based on the recipient's private income). In international relations, it would be more tolerant of national diversity in choice of sustainable development strategy, more resolute in eliminating TNC tax avoidance and financial speculation, and more ambitious in supplying non-military global public goods.

In *governing*, PD would focus central governments more squarely on deliberation about and declaration of desired outcomes, and the provision of the resources and enforcement needed to achieve them, rather than specification of the process by which they were achieved. Correlatively, it would more deliberately seek to develop and harness governing contributions from outside the nation-state. This would include norms on intergovernmental and state-society relations both more indicative and accommodating of the use of sub-national units of government and extra-state institutions in meeting social goals. It would foster "progressive federalism" between the centre and sub-national units, with the latter supported in experiment consistent with benchmarked national outcome norms. It would in a variety of ways involve lower level managers and "street level bureaucrats" (i.e., the deliverers of services) in shaping public administration, with the centre trading manager and street-level bureaucrat freedom from rules in exchange for their contribution to and reporting on repeated cycles of benchmarking of recommended practice, justification of departures from past practice, diagnostic peer review and performance assessment, and publicity of acquired learning. Outside the state, it would use whatever new technology and old-fashioned organising it could muster to improve civic education, general engagement, self-organising, and guided but essen-

<sup>5</sup> Here and throughout, I take productivity not as output per hour but value (monetised as revenue or not) per unit of input, a function of the value of the goods or services themselves and the efficiency (output per unit of input) with which they are produced. The inclusion of "natural capital" (Hawken *et al.*, 1999; Costanza *et al.*, 1997) among productive factors may be worth special emphasise. Maximising its restorative and productive use implies sufficient decoupling of "growth" (understood as improvement in general welfare, monetised as income or not) from new materials flow permanently destructive of that stock to fully accommodate increased population and/or *per capita* consumption. PD would be *very* green.

tially open-source systems of problem-solving and deliberative decision-making. Citizens would have work to do and reasons for doing it.

I will return to these contrasts, and PD's constitutive program elements and claimed viability. But first, to clarify PD's motivation and general strategy, let me explicitly defend the two assertions above: that globalisation *per se* doesn't defeat egalitarianism, but that promoting egalitarianism in the current environment requires something quite different from traditional social democracy.

## 1. Why Globalisation Does Not Defeat Egalitarianism

To be clear at the outset, I freely acknowledge that cross-border flows of goods, capital and labour have all increased the inequality or volatility of labour earnings in advanced industrial societies, and constrained their governments' ability to tax globalisation's winners to compensate its losers. I like national self-sufficiency as much as anyone. And I find many of the current rules on globalisation destructive to democracy, especially in their crowding out of space for difference and innovation in development strategies and their subjection of innocent publics to all sorts of unnecessary financial risk. These rules can and should be improved. So, for example, although I see more potential than he in non-state-based global institutions of justice, I happily endorse Rodrik's recent reform program for globalisation. Departing from seven simple and appealing principles for global economic governance, this recommends a "thin layer of simple, transparent, and common sense traffic rules" for international economic dealings (Rodrik, 2011: 280), *à la* Bretton Woods, rather than the forced integration of national standards and strategies, *à la* neoliberal globalisation.<sup>6</sup> Along with democratising the governance of international institutions themselves, it would expand the Agreement on Safeguards to permit exemptions from WTO rules in cases of demonstrated threat to national development and social goals; enact a Tobin tax to curb volatile speculative capital flows; and pursue strong financial regulation and/or bank restructuring (e.g., increased capitalisation requirements, punitive bars to certain sorts of

transactions, breakup or restoration of limited purpose banking). Getting something like this program "on the ballot" everywhere is an urgent political task. Again, I'd certainly vote for it.

This said, I think the most prominent basic argument for why globalisation *per se* defeats egalitarianism is vastly overdrawn, and in central part simply wrong. The argument I have in mind is a political version of factor price equalisation, with any public constraints on capital a costly factor. Greater economic integration of a world of gross inequality, mobile capital, and a vastly enlarged labour pool of technically-equipped but very poor workers means that capital is able to shop among national regimes for its best deal, and can credibly threaten exit from any nation brave or foolish enough to limit its autonomy while adding to its costs. The inevitable result is a competitive race to the bottom, to a distinctly inegalitarian system of natural liberty. Any political resistance to this is powerless, since the world has essentially become a flat and frictionless surface where even the tiniest cost can prompt capital flight. The task of governing elites in rich countries is to assure their vulnerable populations of the inevitability of their fate, counsel their acceptance of it, and improve techniques of suppressing those who resist this sentencing.

This argument is overdrawn in a number of respects. It underestimates the share of the economy not touched by its assumptions (e.g., the large role of non-traded services and fixed infrastructure in national economies, or their still overwhelming level of self-supply in manufacturing and traded services); the continued importance of national institutions in determining living standards (as evidenced by continued high and effective welfare state spending, and resulting wide variation in unemployment, wage growth, and equality across nations with comparable gross incomes, industrial structure, and exposure to international competition); the evident capacity of welfare state institutions to adjust to competitive and budget constraints without abandoning their values (e.g., by providing "flexicurity" to promote labour market mobility with equity, or income-contingent social insurance and educational funding to reconcile public budgets with general security and opportunity); the continuing importance of sunk costs in economic activity; and, perhaps above all, the continued importance of *place* to economic activity – evident in everything from the close correlation of national savings and investment rates, to "home bias" consumption effects, to the mundane, but ever reliable, robustness of gravity models in mapping value flows, to, most striking and decisive, ongoing urbanisation worldwide and the acknowledged "triumph of the city" as humanity's best source of environmentally sustainable practices, productivity, and innovation (Bardhan *et al.*, 2006; Glaeser, 2011).

<sup>6</sup> The principles are (Rodrik, 2011: 237-244):

1. Markets must be deeply embedded in systems of governance (...)
2. Democratic governance and political communities are organised largely within nation states, and are likely to remain so for the immediate future (...)
3. There is no "one way" to prosperity (...)
4. Countries have the right to protect their own social arrangement, regulations, and institutions (...)
5. Countries do not have the right to impose their institutions on others (...)
6. The purpose of international economic arrangements must be to lay down the traffic rules for managing the interface among national institutions (...)
7. Non-democratic countries cannot count on the same rights and privileges in the international order as democracies.

Put all this together, and it suggests considerable room for egalitarian politics.

But it's in considering what that politics might aim at that we can see where the view is actually wrong. Simply, there is no reason to believe, as this argument would have it, that any and all social constraints on capital generate net losses. Some measure of coercive public authority, of course, is needed even to make markets function; and "market fundamentalism", the idea/ideology/religion that markets not only provide the most efficient allocation of scarce resources but are essentially able to reproduce themselves without much outside assistance, hardly improves by elevation from village life to international spheres. But public authority's economic contribution hardly stops with assuring the possibility of markets. By helping to cure ubiquitous market failures and imperfections, providing a range of public goods beyond the capacity of individual firms to provide on their own, and enlisting the diffused monitoring, enforcement, and problem-solving abilities of citizens, public power in well-organised democratic places can also immensely improve those places' productivity. In doing this, it adds real value to the economy. And the places that do this will naturally be rewarded by increased inflows of capital, *a fortiori* in a system where there are fewer barriers to such movement.

Democratic organisations can also ensure greater equity along with increasingly productivity. They can bargain directly with the capital attracted to their productive infrastructure, by conditioning access to it on better behavior by firms: higher wages, higher taxes for public goods, a greater share of profits reinvested.<sup>7</sup> They can shift from "taxing winners to compensate losers" to using that infrastructure to make "losers" into "winners" by increasing their human capital or access to credit. They can reassign property rights in more efficient ways that disproportionately benefit the poor or promote alternative economic forms (e.g., worker cooperative or non-profit or public-benefit competitors to ordinary firms) to widen worker exit possibilities from oppres-

<sup>7</sup> The last alone would have enormous consequences for equity. As Przeworski and Wallerstein (1985) remind, it is not the rate of profit *per se* that determines the rate of growth but the product of that rate and the rate of savings/reinvestment from profits. Consider two economies operating at identical 6% rates of growth in output and capital stock, with identical net incremental capital-output ratios of 2, thus both requiring an investment/output rate of 12%. One finances growth with a 30% rate of savings out of profits, yielding a 40% (12/30) share of profits in output, a complementary 60% share for wages and government, and a 28% (40-12) share of consumption out of profits. The other does so with a 60% rate of savings out of profits, and thus a 20% (12/60) share of profits in output, a complementary 80% share for wages and government, and permitting only an 8% (20-12) share of consumption out of profits. Identical in output growth, the economies are quite different in distribution.

sive employment relations (Bowles and Gintis, 1998). And, again, they can reduce waste throughout their systems, and provide more efficient public goods and services.<sup>8</sup>

Indeed, such "high road" use of democratic organisation for higher efficiency/productivity and egalitarian welfare – adding value, reducing waste, capturing and sharing the benefits of doing both – which is certainly possible under current conditions, would make sense even in the "nightmare" case of no sunk costs and perfectly frictionless capital markets. In this case, capital would respond immediately to any change in expected after-tax rates of profit, making the rate of profit the same everywhere. No single nation (or place) could lower it, which would constrain the first equity strategy above. But equally, and typically less considered by troubled egalitarians, no place could *raise* its rate of profit. Any gain in productivity or efficiency would go to the local population, including all those immobile, unproductive "losers" (Bowles, 2006). And the losers in the best organised places, with the most robust productive infrastructure, would gain the most.

For all these reasons, then, I don't think globalisation *per se* defeats egalitarianism.

## 2. Why Something Other than Social Democracy is Needed

It's not enough, however, to make the case for the possibility of an egalitarian politics under globalisation. That possibility needs to be realised in politics. People need to understand and be excited by what they can gain from this politics, to see where it's going and what's required of them to make that happen, to fight for its achievement over resistance, and to do that for however long it takes. It needs a social base and a programmatic mass politics. Today, however, both need to be created, since social democracy – the one successful egalitarian democratic political experiment under capitalism, the only time liberty and equality were married successfully and advanced in mass politics – no longer provides either.

The social democratic project ably satisfied for workers the two typical requirements of organisation of any subordinated group. It offered member participants or potential participants something useful, and solved a problem for the broader society that elites have no interest or

<sup>8</sup> Equity is not the only reason to reduce waste (pride of place must go to the environment), but it's certainly an important one. A huge share of ordinary household income goes the necessities of housing, transportation, energy, and health care. A more efficient supply of any of these disproportionately benefits the poor, both because these necessities take a larger share of their smaller incomes and because the poor often suffer their least efficient supply.

capacity to solve themselves, thereby gaining social cachet and political support. Under 20<sup>th</sup> century “monopoly” capitalism, social democracy did this for the industrial working class by gaining income and power for them *vis-à-vis* capitalists and, through the alchemy of national Keynesianism, working as a motor for private accumulation and growth that increased the general welfare. It solved the problem of collapsed effective demand that capitalists could not solve on their own. Wage increases or state-led redistribution toward labour increased effective demand, which was captured by domestic firms supplying employment; stabilisation of markets encouraged investment, which increased productivity, in turn lowering the real costs of consumption goods and further raising living standards. Social democracy also married particular and more universal interests in its organisation. Strong industrial union movements made deals with individual firms, but, through centralised systems of wage-bargaining and state regulation, unions and union-based political parties also exchanged worker wage moderation for government and business commitments to increased social welfare spending and guarantees of full employment – a “social wage” not tied to particular employment contracts and paid for by all, in part through the greater stability and productivity it provided capitalists by taking wages out of competition.

This social democratic project, however, rested on several background conditions. One was a nation state in effective control of the economy within its borders and capable of meeting broad citizen demands for security. This premised an economy sufficiently insulated from foreign competitors that the benefits of demand-stimulus were reliably captured by resident business, a monetary policy apparatus sufficiently insulated from world-wide financial flows to permit unilateral correctives to recession, security demands essentially satisfied by employment, military defence, and broad social insurance. Two was the organisation of capital into large and sectorally-dominant firms, with highly centralised operations, typically organised in Taylorist ways that suppressed natural differences within the workforce. Three was the popularity of a politics based in industrial unionism, centred on issues best organised through the lens of class and the worker-employer-state flow of money value and employment regulation.

None of these conditions hold today. Globalisation has qualified demand management policies, employment often rests on favourable microeconomic competitiveness, and many risks the state is asked to deal with are intrinsically individualised, unpredictable, and hence non-actuarial (i.e., not subject to ordinary insurance coverage). Asked to regulate and intervene more widely and locally, the state often lacks the local knowledge needed to determine appropriate standards or the most

appropriate means to their satisfaction in diverse circumstances; its monitoring and enforcement capacities, especially in areas requiring compliance across numerous, dispersed, heterogeneous, and usually volatile sites, is inadequate; so too is its ability to administer solutions that demand coordination across policy domains and communities of interest. As a result, the nation state is commonly, and in considerable measure properly, perceived as incompetent.

Second, traditional mass production has collapsed, resulting in increased workforce heterogeneity. Triggered more decentralisation and horizontal coordination within large firms, and greater dynamism in (often loosely coordinated) smaller one, today’s workforce, operating within and across more decentralised units, experiences greater variation in the terms and conditions of work, the structures of career paths and rewards, and the marketability of heterogeneous skills. Along with immensely complicating the state’s task in economic regulation, this variation disrupts the commonalities of experience that provided the foundation of traditional industrial unionism. It unmakes the working class as a determinate transformative agent, agent since its heterogeneity now approximates the heterogeneity of the broader society.

Third, and related, political heterogeneity has increased. A variety of concerns not best addressed from class positions in the economy – e.g., for the environment, gender and racial justice, or respect for diverse ethnic and religious identities and sexual orientations, along with opposition to any of these things – are commonly expressed with a robustness and intensity exceeding that of class. Not themselves reducible to concerns, they are often pursued through cross-class alliances. As a result, a mass egalitarian politics limited to class concerns is likely doomed. But no new, more capacious solidarity has thus far emerged out of this heterogeneity.

With its means of administration widely regarded as incompetent or worse, its social base fragmenting, and its political cohesion coming unstuck, social democracy has indeed fallen on hard times. We need a new institutional model that takes these disruptions of collective problem solving capacities seriously, and helps generate the social base for a new, more inclusive and participatory egalitarian politics than social democracy was ever able to offer.

### 3. Current Prospects

Productive democracy offers itself as such an alternative institutional model. It assumes the large task of building egalitarian productive infrastructure, prepares citizens for that task, and opens its governance to citizen contribution to problem-solving and *de facto* policy-

generation outside the formal state. Consistent with these aims, it shifts current welfare state policy emphasis in a variety of areas to better reward citizen contribution while righting fiscal balances. The hope is that this better organised democracy will not just be a more productive and fairer one, but that that demonstration, and citizen participation in bringing it about, will reassemble the sort of active social base that egalitarian politics has lost.

Before getting to the sorts of policies and institutional supports this likely requires, let me restate PD as a social project and clarify its basic normative and positive premises. The project is to use improvement in democratic organisation to maximise social productivity and share the benefits of doing so, to highlight democracy's contribution to both in everyday projects, and to use public power to facilitate and harness that contribution. The normative premises of this project are: everyone deserves a chance at a healthy and productive life; the point of a democratic society is to marshal and manage resources to provide this chance, consistent with like chances for succeeding generations; all such societies should be free to make their own choices in how precisely achieve that; all members of those societies should contribute to their maintenance and health. The positive premises are that: knowledge and innovation in its productive application is the engine of social wealth, with each generation inheriting most of this engine's capacity from the previous one;<sup>9</sup> private competitive markets are an important tool of wealth creation, but not self-sustaining and often threatening to achievement of the normative goals just described; there is a fantastic amount of difficult and interesting work to be done to achieve those goals – most fundamentally, reconciling shared prosperity with planetary survival – almost all of which requires effective engagement of citizens in democratic institutions outside the formal state; the kinds of relevant organisation and engagement cannot be expected to arise naturally, but need to be aimed at to be achieved.

What are the broad sorts of institutions and policies this project would imply? By way of brief answer, I refer again to the “Three Public Philosophies” table above and parse the elements on that list, again comparing PD to other dominant public philosophies and showing how those elements cohere. The list itself is incomplete, and my parsing obviously lacks (to put it mildly), the detail needed to operationalise any of its elements (though the references indicated parenthetically in text

provide at least some such detail). The point of the exercise, however, is only to give the reader a feel for PD's coherence and viability.

**Economic Strategy** – Social democracy promoted an equity-oriented demand side strategy. Neoliberalism promotes the supply side, on distinctly inequitable terms. In the popular caricature of its program: pay the rich more to work harder; pay the poor less to do the same. PD doesn't forsake macroeconomic tools of demand management. But it concentrates heavily on effective supply of the “productive infrastructure” described above – a combination of constraints on firms in keeping with human values and supports to their meeting them under competitive conditions, and a series of complementary public goods (human capital systems, modernisation systems, efficient physical infrastructure, planning facility, clean and learning government, etc.) designed to reduce waste, add value, and capture and share the benefits of doing both. This place-specific infrastructure would be PD's principal source of wealth generation.<sup>10</sup>

**Redistributive Peak** – Social democracy tends to redistribute income late in life. This is partly for the simple reason that adults have more power than children, but partly because redistribution is still seen as compensation, not investment. Neoliberalism is opposed to redistribution, except upward. PD would – more efficiently, and more in keeping with its stakeholder democracy, egalitarian, productivist culture – move redistribution earlier in the life course, with the aim of getting all children prepared for productive adulthood and reducing the claims they might otherwise make on the state during their adult lifetimes. As in social democracy, there would also be transfers during the adult life course, but again guided by an interest in widening productive contribution.

<sup>9</sup> This is one reason why, quite apart from a concern for fairness, we shouldn't over-worry ourselves about sharing its fruits more equally. For a recent statement of this view, see Aperovitz and Daly (2008).

<sup>10</sup> Here is as good a place to mention that, along with needing contribution from a vast number of other social groups, such productive infrastructure offers unions – understood independent organisations of workers in the economy – a clear social role and route to political power. This time, however, the contribution would work less through their ability to demand wages and state spending than their potential breadth of presence in the economy and knowledge of the actual conditions of work. The same heterogeneity and decentralisation of firm and work process that undermined centralised bargaining and union membership now limits efficient movement in the labour market and easy and often short-lived combinations of different firms (both of which employers want), while creating deep confusion and incapacities among workers about the skills they need to navigate it. Capital will not and cannot solve this problem, and the state lacks capacity. But unions might naturally articulate and mobilise around the general interest in getting better comparability across worksites (standards on compensation, and baseline worker rights) and counsel and train workers in the skills they need for successful careers, not just jobs. They could also give public regulation a localised presence and adaptability that it would otherwise lack. This would increase social productivity directly, not just *via* expected resulting investment.

**Equality of Opportunity** – Traditional social democracy advanced equal opportunity primarily through education, labour market institutions promoting wage equality (e.g., unions, extension laws, minimum wage guarantees, training, etc.), and bars to invidious discrimination based on race, sex and other invariant and morally irrelevant predicates. Neoliberalism is only committed to enough equal opportunity (in education and discrimination) to identify worthy successors in administering inequality. PD would keep social democracy's broad commitment to equal opportunity in labour markets, while updating it to include "flexicurity" policies aimed at speeding labour market transitions, take as a matter of ongoing debate the trade-off between guaranteed incomes and minimum wage standards, and favouring the use of wage compression as an equity + productivity promoting industrial policy. These are, of course, difficult trade-offs, but I see no incoherence in assuring all of basic income (and thus escape from oppressive work), while also seeking full employment, while also creating general pressures for productivity upgrading; a natural lubricant for negotiating them – and this is something PD would recommend (consistent with its hostility toward excess consumption, and interest in citizen engagement) – is a reduction in average work time itself.<sup>11</sup> But it would apply the basic idea of equal opportunity more directly to households and public life. In the household, this is mostly about minimising burdens on development and political participation created by gendered division of labour within it (Gornick and Meyers, 2005) and getting much better welfare services to children (Esping-Andersen, 2009). In politics, it would be about relieving all constraints on equal citizen participation *via* free and fair election financing, subsidised media, much more intensive civic education in schools, time off for political activity and elections, and investment in local organisation to make political action and discussion more accessible and inviting.

**Social Contribution** – Social democracy at its worst was a claimant state, with citizen rights but no responsibility. Neoliberalism at its worst is Dickensian, with no real equality of opportunity or justice in reward or punitive requirements of contribution. PD would, as already mentioned, rest on a social contract: "society is going to prepare you to contribute, and celebrate and reward that contribution, but expects you to make it."

**State/Civil Society Relation** – Like social democracy and unlike neoliberalism, PD would support an affirmative state that directly support-

ed elementary conditions of substantive political equality and equality of opportunity. But recognising the current limits of state capacity, it would also support extra-state organisations and deliberative arenas that did these things and helped with problem-solving. More than either neoliberalism or social democracy, PD would seek to overcome the familiar pathologies of inequality and particularism that naturally arise in such organisations and arenas, with many opportunities for constructive citizen contribution lost in consequence. Using the conventional armamentarium of government, it would underwrite a deliberate politics of association to address these issues (Cohen and Rogers, 1995).

**Privileged Government Branch** – As a practical matter, different governing regimes privilege or give more operational weight to different parts of government. The social democratic affirmative state was centred in its executive, the famous headless "fourth branch" of government not contemplated by Montesquieu, and often deliberately insulated from democratic will formation. Its rise substantially downgraded the relative importance of the legislature, while disrupting traditional market-liberal understandings of the rule of law. Neoliberalism returns to the latter (seeking to recover the "constitution in exile"), while limiting the active state largely to suppression and the defense of property rights. PD would rehabilitate the legislature as a privileged arena of democratic deliberation, without burdening it with detailed administration. The administrative state would continue but in substantially different form. Still privileged relative to private interests in asserting the public will, it would act in much closer relation to, and be self-consciously more dependent upon, the monitoring, enforcement and problem-solving capacities of a better organised democratic public.

**National/State Relation** – Almost without exception, social democracy accreted power to the nation-state at the expense of sub-national administration. It did this to force national unity on a basic platform of substantive right. Neoliberalism uses national power to limit democratic aspiration in sub-national arenas. PD would pursue a "progressive federalism." This means securing a floor of substantive rights, and some measure of fiscal federalism, while more deliberately encouraging experimentation consistent with nationally declared aims that promise achievement above that floor, as well as cross-site and national learning from such experimentation (Freeman and Rogers 2008).

**Public Administration** – Public confidence in government's ability to regulate and deliver public goods and services efficiently and accountably is a precondition of any affirmative state. Social democracy tried to inspire that confidence through "command and control" regulation, solving the efficiency problem by delegation to experts, and the accountability one by rules limiting bureaucratic discretion. But very

<sup>11</sup> Not for their endorsement of this package, but simply their great usefulness in examining the effectiveness of different social democratic programs of labour market regulation, see Kenworthy (2008, 2011) and Pontusson (2005, 2011); on the effects of basic income guarantees, see Van Parijs (1998).



few have much confidence in command and control anymore. The distant experts lack local knowledge needed for most efficient solutions, the rules can't be updated fast enough to avoid over- or under-indicating action regarding changing facts on the ground, and those facts, given the heterogeneity in life course and interests described above, are often individualised enough to prevent solution by any general rule. Neoliberalism of course welcomes all this, since it undermines support for an affirmative state. At its best, it favours a version of "new public management," applying market logic and the business sector's metrics revolution to government, measuring and incentivising performance on known desired outcomes. While perfectly friendly to metrics and incentives, PD would recognise that, except at the more general level, desired outcomes – much less, means of achieving them – are not actually known in advance. It would favour a more interrogatory or diagnostic approach to designing solutions to problems, often requiring extra-state parties and expertise, and, within the state, pursue the sorts of "new governance" and "experimentalist governance" strategies described briefly in the introduction. These are, particularly applicable to a more services-based welfare state that needs, at scale, to customise those services to different individuals (Noonan *et al.*, 2009; Sabel and Zeitlin, 2012; Sabel and Simon, 2012). And, again, it would mean encouraging a politics of association and creation of more *ad hoc* discrete arenas of problem-solving appropriate to a "directly-deliberative polyarchy" (Cohen and Sabel, 1997)

**Asset Redistribution** – Social democracy left initial property rights largely untouched. Neoliberalism again doesn't favour progressive redistribution. For reasons of equity and to increase their ownership sense of the economy, PD would encourage "alternative" property forms (coops, B-corps, non-profit producer or credit or service facilities, etc.) while awarding citizens a claim on the social surplus. Ideally, this would not just be a one-time *per capita* grant or guaranteed income, though I favour both, but a guaranteed share of profits (Weitzman, 1984) or income-earning share of total assets to be drawn on through life and retired to the public weal at death. Whatever the precise form it takes (yet another thing to be experimented with by different publics), PD thus embraces the basic ideas and arguments for some version of "property owning democracy" (Meade, 1964; Rawls, 1999, 2001; Roemer, 1994; O'Neill and Williamson, 2012).

**Insurance** – Social democracy limited social insurance to guard against loss of health or labour income or health, and neoliberalism is opposed to almost any social insurance. Keeping the labour income and health care guarantees of social democracy, PD would promote a range of finer grained and more targeted sorts of insurance, including protec-

tion of relative income losses and drops in asset prices (Shiller, 2003). It would also attend to non-actuarial risks, ubiquitous in human services, in part through the engagement of street-level bureaucrats and others in their more effective reduction (Noonan *et al.*, 2009).

**Tax Strategy** – Social democracy is paid for chiefly by progressive taxes on private income and luxury consumption, neither of which neoliberalism wants to tax at all. The social wage of the social democratic state gains political support by its universality, but wastes money on rich people who don't need its assistance and strains immobile workers with heavier tax burdens, dividing them from the poor. Tax universalism is a way to square the circle of popular but often burdensomely expensive universalistic programs and stingy means-tested one. As basic tax principles recommend, it treats all income equally, including public income. It then implicitly targets general benefits on the poor and middle class by taxing them at steeply progressive rates, based on the recipient's private income. Done properly, this can lower taxes on private income while getting more public income to the lower and working classes, re-establishing one sort of material solidarity across most classes that internationalisation now threatens. Because it favours high levels of domestic investment and savings, PD would also use the tax system to favour both, which taxing public bads like pollution and excess consumption (Frank, 2009).

**International Economic Strategy** – In general, the point of PD would be to foster conditions, everywhere, that support its basic project: free choice by democratic organisation to promote the widest possible contribution to social productivity consistent with same or better possibilities for future generations. What that means in terms of program is broadly familiar: less military spending and more cooperative security; more representative governance in international institutions; more technology transfer to poorer nations; and greater investment in a variety of public goods (climate, health, etc.) of obvious benefit to humankind. I take as utterly straightforward the need for international cooperation in solving a host of common security challenges (UN, 2004), clearer rules respecting national sovereignty while reaping the benefits of global exchange (Rodrik, 2011), the plenitude of suggestions on how to make that public goods investment highly efficient (Stiglitz, 2007; Sachs, 2008), and the technical and financial capacity to do all these things. Worthy of special note are the needless disruptions of democratic development introduced by financial speculation, regulatory arbitrage, and tax avoidance. But here too, the problem is not a lack of sensible ideas (Johnson and Kwak, 2010; Fleming *et al.*, 2001), but political will, especially from the great powers. PD would seek to assemble that will.

**And so on... High Real Freedom, Opportunity, Responsibility, Ownership etc.** – Again, the above is certainly not comprehensive of egalitarian or other governance concerns, nor offered in anywhere near enough detail to be compelling, nor in ways immediately applicable to real world problems. All this admitted, I think it provides enough to at least give an intelligible sense of what PD is a public philosophy, how it is different from traditional social democracy as well as neoliberalism, and why, in particular, it should be attractive not just to declared egalitarians but the general public. It takes democratic citizens' contribution to social wealth creation and efficient self-government. It proposes preparing citizens for that contribution, expecting it of them, and broadly sharing the benefits of their making it. It advances the equity interests of traditional social democratic egalitarianism while solving for that system's fiscal problems and state failures. Bottomed on a scalable strategy for sustainable human development that is, at least conceptually, perfectly simple and plausible – reduce waste, add value, capture and share, and the benefits of doing both locally – it is applicable to any nation, with natural and benign implications for their mutual relation. It takes a realistic if hopeful view of human nature, recognising the latter's famous crooked-timber quality (its frailty, fearfulness, confusion and worse) and susceptibility to dominance, but also its instinct for freedom and self-development. And, it coheres as public philosophy, with all elements converging toward upholding the social contract it declares, and clean gains and rewards to citizens in upholding their end of it. While it depends on almost infinitely higher and more varied levels of citizen mobilisation than at present, these things should give rational hope that, should PD be achieved, it would be capable of satisfying the sorts of interests to which it would customarily give rise – of being an active, contributing, and for that being so, respected and rewarded citizen of one's community, country, and the world. In a word, I think PD is viable.

**Agency and Achievement** – Viability, of course, does not assure achievement, and no guarantees will be offered here. There are no laws of motion or bending historical arcs necessarily terminating in PD. As in any bid for greater justice, advancing it will inevitably be a long and contentious struggle, requiring the collective individual courage, street-smarts, cunning and guile of any good democratic movement. Also, and almost definitionally, given the authority PD gives democracy to shape an open future, achievement will be as much process as event. Success will never be complete. Nor will any success be completely secure. As in other democratic experiments, the eternal vigilance of its supporters will be required.

Like any movement aiming at real lasting power in society, the struggle for PD will also need to build the independent institutions and coordinating routines that give it functional capacity to agitate, educate, organise, mobilise, learn, and govern. That means, *inter alia*: recognised and recognisably accountable leadership; reliable channels of communication among members and with the mass public; mechanisms for the recruitment and education of new members, naturally focused on the young; broadly shared message and program, with short-term as well as intermediate and long-term policy and institutional goals; a consistency in their messaging that permits public recognition in diverse arenas of collective action; an “inside-outside” game, both electoral and governing and not, in contending for public power in public power; and reliable sources of money, to permit planning, experimentation, learning, and recovery from inevitable mistakes and reversals (through contribution, tithing, and revenue-generating PD-favouring market institutions effectively owned by the movement itself); and visible models of activity in this world that anticipate the freer one PD wishes to build (e.g., models of high-road development, probably first best undertaken in urban areas with favouring background conditions, or models of how better organised democratic power outside format government can improve its own functioning, which can be undertaken almost anywhere).

PD, in short, will require deliberate and strategic organisation. But beyond these generalisations about needed capacities and demonstration, I say no more about the organisational question here. This is not because it is unimportant, since nothing is more so. Nor because it is unsayable, since countless examples of all these elements are now available for inspection from around the world. It is simply because their numbers are so large, and the particular way in which any of them is done varies enough by place, and their practice is evolving rapidly enough, to defy any compact summary, or one of more than evanescent accuracy. A worldwide effort at same, a sort of Wikipedia of PD-inclined social innovation, would be very useful to have, but clearly beyond my capacity or essential purpose here. I'll simply stipulate that there are a lot of vibrant models of the sorts of organising required.

But, returning to that purpose, I do not think it is hard at all to find a constituency for that organisation, which if undertaken at wider scale and denser scope would produce an effective agent for PD. In contrast with social democracy, that constituency cum agent is not so much “the working class” – though PD gives a clear role to it within the economy and beyond – but something like “the democratic public” of which that class is a central part. And such a public, I believe, can be found almost anywhere.

After all, the interest in equity and social contribution and respect, all satisfied by PD, are nearly universal among humanity. So too is the fear that unconstrained corporate power will soon obliterate any shared realisation of them, in mass democracies, at peace with each other, on a livable earth. And so too is the hope in technical capacity for a more equitable, cooperative, productive, and sustainable organisation of human affairs. None of these things is obscure. Everybody in the world, or close enough to everybody to amount to the same thing, sees them. Everybody rightly knows them to be true.

So I think what is most needed now to advance egalitarian democratic ideals, apart from the work of fighting for them, is not another argument for the truth of these interests, fears, and hopes, but a plausible picture of a political project that would enable that truth to be acted on in everyday, mostly national and varied subnational, public affairs. Satisfying this need means showing the plausibility of the project's general assumptions, strategy, institutional and policy supports, coherence, and viability – enough, in short, to allow its potential authors to explain its goals and rationale to themselves and others and to focus their joint efforts. That, and only that, is what I've tried to do here for PD.

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