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# DEMOCRATIC POSSIBILITIES

## *A Reply to John Dunn*

I am most grateful to John Dunn for having taken the time to engage my book, *Taking Back Control*, with such persistence and acumen. His review offers the kind of empathetic criticism that enables an author to unpack ideas that even to himself may with hindsight appear daring, perhaps excessively so. In most of my previous work I have taken care, with good reason I think, to limit myself to analysing problems, refraining from trying to invent, let alone sell, 'solutions'—recipes for what is to be done about them. The proof of a problem is in a theory, whereas the proof of a solution is in a practice waiting for willing practitioners who may never appear. Whether or not something will 'work' remains an open question until it is tried; until then, defending as possible what others find hopeless—in particular those with a mind as sharp as John Dunn's—is a task one would normally not want to have to shoulder.

*Taking Back Control* violates all rules of professional caution in this respect. Continuing to chew on my older question, *How Will Capitalism End?*—'end' in the sense of the capitalist economy being brought under social, i.e., democratic control—the book focuses on the relationship between political form and social content: between the institutional structure of statehood—centralized or not; democratic or not; small or large—and the mode of production and reproduction of social life in modern capitalist societies. The book makes a strong claim that can indeed be read as a 'solution' to extant 'problems', although it need not. The claim or working hypothesis is that, given that the New World Order of neoliberal globalism was one of both centralization—of the state system, its constituent states and their political economies—and

de-democratization, it might be useful to consider some form of *de*centralization as a route to the possible restoration of democracy. The idea is to see how far one would get in re-building democracy and thereby re-socializing capitalism, in an international state system like the European Union for example, by moving downward in political scale rather than upward for a change.

Is this sufficiently plausible to justify giving it a try, if only, at first, as a *Gedankenexperiment*? Note that the decentralization that I consider in my book is not the technocratic sort that someone like Andrew Burnham may have in mind, primarily or exclusively aimed at gains in administrative and, perhaps, economic efficiency, deriving from the downward redistribution of decision-making. Such gains may indeed be possible and have in some cases been realized. My concern, like Dunn's, is with democracy, not efficiency, and in particular with democracy in capitalism, or vice versa, with capitalist democracy or democratic capitalism: the political configuration of the post-WWII settlement, which was in many ways a replication of the one put in place after 1918. Both were to bring capitalism's *modus operandi*, Schumpeter's 'creative destruction', under control, in the interest of workers or the majority, in a kind of democracy that could not be kept from 'the people', given the exceptional distribution of political power after the two Great Wars, when warm bodies for a while mattered more than cold capital. But beginning in the 1980s, globalist centralization ensured that capitalism would triumph over democracy, in something like a repetition of the 1930s, although in a different way. Globalization liberated capital from its postwar restrictions by moving it out of the reach of democratically organized nations, upwards into a new arena, the world market. There, released from the control of trade unions and social democratic governments, national economies melted into a global economy across and above political borders, a process of popular disempowerment camouflaged as a historical advance into universalism and openness beyond particularism and parochialism.

By 'democracy', I mean an institution that governs not just social but also economic life, i.e., including capital and the capitalist political economy. While a capitalism not encompassed by democracy is not just possible but real, a democracy that doesn't encompass capitalism is no democracy but empty talk about everything except what really matters: the way people and peoples make their living and what kind of life their societies have in store for them. This is why I called the kind of state I recommended in

*Taking Back Control* the Keynes-Polanyi-State, not the Habermas-State. In the same way, when I speak of re-democratization I am not referring to 'discourse' but to the establishment, or re-establishment, of collective-popular control over production and distribution.

It might be useful to dwell a little longer on the relationship between centralization and neoliberalism as it emerged in the de-democratization of postwar capitalism. Democratic capitalism was democratic insofar as it contained an element of socialism, inserted into the constitution of the post-feudal liberal state. This element was an alien implant with which its host was never comfortable and indeed which it wished to get rid of as soon as possible. If it tolerated it, in the form of free collective bargaining and trade unionism, this was out of fear that without social, as opposed to merely liberal, democracy as a balancing force, capitalism might overheat and set fire to the society whose economy it had taken over, and that society would reject a democratic state that no longer reflected in its constitution a social contract between profit-making capital and life-making people. Under neoliberalism, that fear was overcome, and as a result the need to keep capitalism democratic was suspended. Capital was able to extract itself from the societies it had worked itself into, emigrating to the higher spheres of globalism from where it could dictate to its peoples the conditions for its continuing cooperation. Leaving trade unions and social democratic politics behind, globalization made liberal democracy more liberal and less socialist, turning the multitude of national political economies into a single global political economy, so that they ceased being democratic.

Globalist de-democratization, then, meant in effect the withdrawal of capital from capitalist society, leaving societies behind, relegated first to the constitutional ruins of postwar democratic capitalism, then to new versions of authoritarian capitalism and authoritarian statehood, crony capitalism and phoney politics: New Labour here, Trump there, all the pathologies we know or will get to know. Democracy, in this world, is reduced to the manufacture of consent, the professionalized production of manageable identities by spin doctors informed by Palantir and friends, as remote as possible from the real-life political economy, with mobile capital dictating to locked-in labour the fundamental terms of de-democratized liberalism: no well-being of society without the well-being of capital, but well-being of capital quite possible without the well-being of society.

When I propose decentralization as a remedy for the democratic disaster of neoliberalism, I mean more than just pulling capital back into society, in the hope thereby of restoring postwar social democracy by cutting markets and firms back down to the scale of national states—a return to a better yesterday as Dunn would have it. This may not have been sufficiently clear in my book, perhaps because I was afraid of appearing even more utopian than I already had to. In fact, I was and am today more than ever convinced that there is no way back to the model that was defeated twice during the twentieth century—in the 1930s and the 1980s—when democracy was at capital's pleasure cleansed by the state of social-democratic implants and returned to liberalism pure and simple. On both occasions the historical lesson was, or should have been, that if you want to defend capitalist democracy you must make it more socialist, with the prospect of eventually turning it into a socialist democracy—democratic capitalism being like the proverbial bicycle that falls down unless it is moving forward. That is to say, pulling capitalism back into society by decentralizing its governance must simultaneously involve a deep restructuring not just of democracy but also of capital: the building of a new kind of democracy and a new kind of capital at the same time. Ultimately, such restructuring must aim to overcome the pre-socialist social-democratic opposition between democracy as a public institution and capital as subject to private ownership, democracy making demands on capital that capital can accept or reject, depending on the politics and the markets of the day. Re-democratizing capital, this implies, can be successful only if it is at the same time re-socializing capital—that is, transferring its political control from the indirect democracy of liberalism to a direct democracy, where capital is owned for all practical purposes on behalf of society by those who operate it.

If capitalism has become incompatible even with liberal democracy due to global centralization moving it out of reach of democratic institutions, what kind of post-capitalist, non-capitalist or socialist political economy would be needed to restore democracy? And what would democracy have to be like in order to be able to govern this sort of political economy? How would the transition from late non-democratic capitalism to early democratic post-capitalism progress? Or has capitalist centralization already gone too far and we had better forget about democracy? The latter sentiment is present in Dunn's essay, which argues that 'contemporary capitalism is an irretrievably global structure' and concludes that neither states nor anything else can today offer people 'control over

most aspects of their lives'. If for the moment we refuse to be as defeatist as that, whatever transition there might be towards a decentralized post-capitalist democracy would clearly not take place in the Leninist way, led top-down by a revolutionary *Kaderpartei*. Nor could the result be an economy organized as an integrated, nationally centralized wealth-production machine, a *Zentralverwaltungswirtschaft*, democratic only if we take the rule of a new communist party to be the same as the rule of the people. This may sound like bottomless speculation, but if we want to think seriously about a new political economy conducive to and supportive of a new democracy, as I believe we must if we are to move beyond the democratic capitalism that has been irredeemably destroyed by neoliberal globalization, we should at least have some rough idea of the way economy and society would have to fit together to form a political-economic order subject to democratic control.

In this spirit, I propose that a new democratic order must grow from below, not as a product of politics as usual, but as a response to its glaring defects. There is in any case no chance of today's retrograde democracies producing from above fundamental reforms of the political system for the purpose of popular re-empowerment. For this reason alone, the way a new democracy came into being would have to anticipate the way it will function once in place, as suggested by older theories of democratic revolution as a learning process in democratic institution-building. In broad terms, capitalism and capitalist democracy will end, and socialist democracy, or democratic socialism, will succeed them, as capitalist democracy as we know it will become increasingly dysfunctional, both on its own account and as a result of its citizens' evolving needs and demands. Capitalist democracy will be less and less able to maintain an appearance of efficiency and responsiveness, and will increasingly fail to deliver what society must insist on in return for its support and cooperation with private capital, not least as a result of its having been abandoned by the latter's moving out into global independence and depopulated self-rule.

If this sounds like quixotic utopianism, one should remember that speculating on a return to democracy is at least as quixotic given the scale of the present political-economic order and the fact that society's capital seems bound to remain in private hands. Knowing what we know, we cannot seriously talk about democracy without talking about capitalism. More precisely: without talking about how to make capitalism more

socialist, and indeed so much more so over time that at some point it ceases to be capitalist, becoming something like socialist in the generic sense of responsive to society rather than capital. To those who feel that this is asking too much, we may answer that if they refuse to ask the question of all questions—what capital would have to be like to accommodate re-democratization—they have in fact resigned themselves to democracy remaining what it is now, namely no more than liberal on the way to authoritarian democracy.

The overdue restoration of democracy cannot be expected to grow peacefully out of the democracy of today; it has to be extracted from it, piece by piece, in what will hopefully be the next 'great transformation'. What postwar democracy in its impoverished form may at best be able to contribute is the preservation of social practices that have emerged to compensate for liberal democracy's growing gaps in economic provision and social responsiveness. Attempts from below to cope with defects that the system cannot fix anymore may give rise to patterns of local self-help and self-government that will, properly institutionalized, lay the ground for new institutions that can integrate economy and democracy. In this sense, a new socialism would emerge slowly in practice rather than instantaneously in theory. As it evolves, it will eat into everyday capitalism, in a gradual response to an outdated democracy that no longer provides security and protection from pressures to adapt to perennially fluctuating markets. In the process, it will move towards a less capital-driven form of life, with 'the people' learning to act for themselves by appropriating the private capital of their society and turning it into social capital.

A central concept in this context is 'patriotic', 'resident' or 'localized' capital—immobile capital that is in a number of ways not for sale and unwilling or not permitted to cross the borders of the jurisdiction where it has been generated. There are many legal forms and economic functions that such capital—community capital, if you will—can take and perform. National governments should have the sovereignty to respond positively to pressure from below for protection of such capital against international competition and attempts to integrate it into capitalist firms of whatever sort, national or international, thereby interfering with and eroding local self-government. In addition to public enterprises, many of which were privatized in the neoliberal era but could now return to the public sector, there is a wide space in today's economy for cooperatives

of all sorts, of workers and consumers, governed by their collective owners, like credit unions and housing associations, which could liberate the provision of goods and services from the exigencies of profit-making and the uncertainties of competitive markets. Facilitated by state legislation and industrial policy, with a supportive company law that offers new legal forms of incorporation for self-government by owners, workers and customers, a growing share of the capital operated in a country could be freed from the pressures of capital markets. To the same effect, industrial democracy as institutionalized in collective bargaining could be extended into economic democracy, with workforce representatives entitled to co-determine the firm's industrial and economic strategy.

Interestingly, grounding capital is an idea that has survived the long winter of neoliberalism, and not just as an idea. Still, reviving it in theory and practice will be anything but easy, as it will inevitably collide with the interests of both capital and the state. This is hardly surprising, given its closeness to the syndicalist—and indeed anarcho-syndicalist—tradition, which was explicitly directed against both the state and the market, like Owenite socialism in England. Both communism and capitalism did their best to exclude cooperativism from the list of competitors for the privilege of organizing industrial society, without however managing to eliminate its memory.[1] Notably, in German social theory after WWI, the idea of voluntary cooperation replacing competition, of collective planning supplanting self-interested market relations or hierarchical authority, migrated from the study of producer cooperatives into discussions about international relations, when the German historian Otto Hintze questioned Weber's foundational assumption that all social relations are relations of *Herrschaft*, of domination—implying that an-archy, or no-rule, can never be a durable social order (a presumption to which, I believe, Dunn subscribes as well).

*Isonomia and the Origins of Philosophy* (2017), by the Japanese philosopher and historian Kojin Karatani, contains stimulating insights about cooperation as distinguished from domination in the context of a theory and, perhaps, a practice of democracy. I cannot remember having read

[1] On syndicalism as a road not taken in the construction of modern democracy under capitalism, both liberal and social-democratic, and on the fate of industrial and economic democracy within capitalist statehood, see *Institutionalizing Class Conflict: Otto Kahn-Freund and the Political Economy of Labour Law*, Ruth Dukes and Wolfgang Streeck, eds, forthcoming Cambridge 2027.

something as iconoclastic since I seriously acquainted myself with Marx many years ago. In short, the book distinguishes between isonomia, or equal rights without rule, and democracy, or rule by rulers selected by the people. Historically, Karatani traces isonomia to the small communities of Ionia, today's Turkey, which were essentially free associations of independent craftsmen, while he locates democracy in imperial Athens, a slave-owning city-state whose culture considered work to be unworthy of a free man and whose prosperity therefore depended on an aristocratic political class skilled in the art of warfare.

Offering a sociology of knowledge, Karatani locates 'pre-Socratic' natural philosophy—theories that account for the world materialistically, without recourse to gods—in the working communities of Ionia. In contrast, Platonian idealism and the theology that comes with it are conceived as having an elective affinity (*wahlverwandt*, as Weber would put it) with Athenian slave-owning imperialism. The difference in philosophies is explained by the different social structures of the two communities: natural philosophy as an outgrowth of the everyday experience of a community of freely associated craftsmen; idealism as a result of a separation in the mode of production between conception and execution, in a society whose members were proud of not having to work.

Democracy is a central theme in *Isonomia*, and there are striking parallels between, on the one hand, Athenian democracy and Ionian isonomia, and on the other, the liberal-colonialist state of nineteenth-century Europe and the road not taken, the socialist utopia of anarcho-syndicalist freedom and equality, a state-free order of the kind Marx and Engels envisioned when they wrote of an 'association in which the free development of each is the condition for the free development of all' (in the final paragraph of Section II of the *Manifesto* to which Dunn repeatedly refers). With liberal democracy absorbed into globalization, it seems not inappropriate to remember its defeated rival, small not large, political as well as economic, communal not hierarchical, self-governed instead of bureaucratized, with rights linked to responsibilities and equality arising from equal contributions to the common interest, and free from a political class with its empty promises and artful rhetoric.

What about the state? The Ionian isonomic city-cooperatives, according to Karatani, were defeated and destroyed by the behemoths of the time, the Lydian and Persian Empires, forcing the Ionian natural philosophers to emigrate to imperial Athens, from isonomia to democracy. There,

they had to make a living as 'Sophists' writing speeches for the Blairs and Trumps of their time, while Plato and Aristotle, led by the secular genius of Socrates, both benefited from and disowned the Ionian legacy. Karatani mentions the defeat and destruction of the Ionian cities only in passing, as though he were embarrassed by a congenital weakness of what is clearly his preferred form of social organization. To us, though, the fate of the Ionians may simply mean that a new syndicalism by which to liberate democracy from its globalist captivity requires a sovereign state to protect it in an international context, a state supporting economic democracy domestically and peace internationally. If I read Dunn right, he rules out any stable international regime of peaceful coexistence between states: 'there is no global pathway for attempting any such transition which could transcend the inherently conflictual relations between states'. But given that the payoff of disproving him in practice is so enormous, there seems to be no reason not to do our best to make our rulers seek international agreements to ban non-defensive armaments, with mutual inspections for confidence-building and the like, in order to help our children and grandchildren to a life in peace and beyond capitalism.

What does Karatani's book contribute to our debate on the possibility of democracy today and its relationship to political scale? Karatani, like Dunn, reminds us that the *κρατος* (*kratos*) in democracy can mean both rule of and rule over the demos. Unlike Dunn, he posits that the quality of a democracy depends on the equality of its citizens in the sphere of production, together with the scale of the political community; that political equality must be rooted in an egalitarian economy; that ownership of the means of production must not be concentrated lest it detract from the equal rights of citizens; that democracy may turn into an authoritarian oligarchy unless it contributes to egalitarian self-government; and that the best and most stable form of democratic rule is isonomian non-rule, based in productivist cooperative associations of free and equal citizens. For contemporary democratic theory, Karatani's reflections on the Ionian dialectical counterpart of the received Athenian tradition suggest a reconsideration of the syndicalist tradition: the socialist idea of direct democracy in small autonomous units combining politics and production, as an alternative or corrective supplement to liberal democracy as it has evolved from the bureaucracy of the absolutist state, rooting democracy in popular freedom rather than deriving it from unwilling concessions of a ruling class, feudal or post-feudal.

In this context I find it puzzling that Dunn, in writing of a 'declining major power with thermonuclear weapons' from which European national territories need protection, seems to overlook the political functions of the current Russophobic hysteria in the capitalist post-democracies of Western Europe. First under the leadership of the United States, then on their own account, governments that had effectively turned over their capacity to govern to the American empire, jointly declared the preventive Russian attack on a Ukraine on its way into NATO—an attack illegal under international law and executed with remarkable military incompetence—the first step of a Russian invasion of Western Europe, to begin in four years from now if I recall the numbers correctly. These are governments that have for three decades at least presided over declining economic growth, stagnant productivity, increasing public debt, decaying social and physical infrastructures, a demographic catastrophe and the inexorable spread of voter discontent, as a result of which they are now desperately seeking ways to restore their authority and legitimacy. What could be more welcome to them than an enemy delivered to their doorsteps by the United States, and what more tempting than keeping the Ukrainian proxy war going, indefinitely if possible, even after the US has lost interest, hoping thereby to paper over divisions both within and between their countries that had threatened to undermine political-economic centralization at both the national and international level. Now that endless borrowing has been reframed as a precondition of collective survival, debt can be incurred indefinitely, rearmament can serve as the last recourse to fend off de-industrialization, austerity in social policy can be sold as a necessary sacrifice in an existential struggle, and domestic dissent can be attributed to the fifth column of a war machine named Putin. With the designation of an 'existential enemy' (Schmitt) who cannot live with us just as we cannot live with him, and who necessitates, as 'all responsible parties' recognize, national unity, claims for a renewal of democracy can be put on hold.

Dunn also suggests that the rise of AI is a development that makes the idea that 'any human society, of whatever scale, can have much control over its own future seem increasingly forlorn'. Though I cannot rule out that Dunn may be right here, as he is on so many other things, I would optimistically venture that artificial intelligence could be put to positive ends. In my book I argue, in the footsteps of Herbert Simon, for the possibility of complexity—so often cited as the ultimate justification for centralized de-democratization in a world of many elements with

multiple interrelations—being decomposed, with decentralization perhaps even adding to rather than detracting from systemic order. In this spirit, I would suggest that a subdivision of governance into small units of self-rule, instead of hierarchical other-rule, could be facilitated by artificial intelligence, which might vastly reduce the cognitive demands on organizers and managers of dispersed collective ownership. With a widely available infrastructure of AI, to be secured by a democratic state dedicated to enabling its citizens to cooperate within and between local units of multi-functional self-government, technical tasks such as bookkeeping, market research, sales and purchases, the filing of tax returns, the preparation of meetings and votes and the like could be turned over to a new kind of relationship-managing machinery. If used competently, this might decisively improve the productivity of non-professional participation in collective practice, mitigating pressures for a professionalization of governance that would reinstate bureaucracy, hierarchy and oligarchy (as in the social democratic political parties studied by Robert Michels on his way from anarchism to Italian fascism). AI could on this view be a technology of decentralized democracy, provided and maintained by a democratic state and charged with enabling citizens to govern themselves.

I admit that state-protected Keynesian-Polanyian neo-syndicalism would be a daring project, dependent on a wide range of internal and external preconditions. But our rightful scepticism should not make us close our eyes to the self-interested irresponsibility of our political class, which would rather march us into the abyss of another Great War than give up their control over the degraded democracy they have allowed to emerge from the postwar settlement. Now that the United States is about to go home—the most aggressive state in the history of mankind, apart perhaps from the Roman Republic and the Mongols—why should it not be possible to make peace on the Eurasian continent at least, if not, for example, between the United States and Central America, or between India and Pakistan? A peace sustained by international institutions of the sort that were systematically wrecked by the US after the end of history, beginning with Bush junior and not ending with Trump I, Biden or Trump II? Give peace a chance. It is surely worth a try.