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Build the High Road Here

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American progressives have lots of ideas on the alternative international rules and institutions in monetary policy, finance, trade, human rights and development needed to make globalization work better for the North and South. What we lack is the power to implement them. Under the "dictatorship of no alternatives" that defines current policy debates, it is important to propose one to the fraying "Washington Consensus" and seek allies, particularly in this NAFTA hemisphere, in its enactment. But we should not wait on international reform to build democratic power in this economy, starting from where we are right now. We should build a high-road--high-wage, low-waste, democratically accountable--economy right here. Doing so will give focus to domestic efforts, connect them practically to international ones and eventually yield the organization, experience and confident social base we want to contribute to global fights. Building the high road here should be at least half of any international strategy.

Of course, some progressives think internationalization already dooms this enterprise--that capital's mobility will defeat any attempt at increasing democratic control over the economy. But they're mistaken. Economies don't just slide around on a frictionless, flat world. They have gravity and traction. The economic importance of place hasn't been destroyed by internationalization but in many ways has increased. Capital markets are far from perfect, and capital is less mobile than commonly assumed. And some constraints on capital are actually a net gain to it, not a loss.

Around the country, hundreds of largely isolated projects are already showing this. They include worker-training and skill-certification programs that increase productivity while capturing it in income; the use of union pension funds to stabilize and grow distressed local economies while generating returns on investment; "smart growth" policies that reduce commuting times and lower real housing costs while improving the environment; living-wage and allied efforts to raise standards on company performance while increasing productivity; and the Apollo Alliance program for good jobs and energy independence. These efforts are considered by many progressives to be a sidebar to their main show and usually not even as a single class of activities. In fact, they are all examples of the high-road politics we should be pursuing.

This harnesses democracy as a force of production, a source of value, and not just values in the economy. It builds productive infrastructure (in part physical, in larger part institutional) that adds value, reduces waste and captures the benefits of doing both. Such infrastructure attracts capital by increasing its return but also grounds capital by its own

immobility. And with capital's exit threats thus reduced, real bargaining can again begin. The essence of that bargaining is demanding more of capital than is now demanded by markets--less pollution, higher wages, better labor relations, more community investment--in exchange for the infrastructure that allows capital to meet the demands profitably under competitive conditions.

None of this is rocket science. We already know how to add value in places by improving education and worker training; increasing research and commercialization capacity; providing the marketing, financial and other business services that are beyond the capacities of individual firms; and helping to cluster firms to realize complementary strengths while enlisting workers in their upgrading. We know how to reduce waste by establishing markets and making direct investment in renewable energy and more resource-efficient--and, with accurate accounting, much cheaper--energy, housing, transportation and consumer durables. We know how to improve government efficiency by democratizing elections, applying the private sector's metrics revolution to its operations and engaging citizen organizations in open-source problem-solving and regulatory enforcement. Doing these things together improves living standards by strengthening democracy. It shows democracy as a solution in organizing daily life, not part of the problem.

This is not a new insight. Markets can't set rules for themselves, solve their collective-action problems or elicit wide voluntary citizen contribution. Democracy's ability to do them all is its signature strength, and there are no limits on their being done better and better--thus producing more wealth, more citizen engagement and wider freedom in future choice. This directly helps immobile workers, even under internationalization. Indeed, even in the "worst case" of perfect competition, with instantaneous capital adjustment to changes in expected after-tax rates of profit, all gains from such place-based democratic efficiency would go to the immobile workers who call those places home.

Neoliberalism declares unfettered business domination our best bet for material well-being. We should declare high-road democracy a better bet, and invite others to place it with us. We will not lack for takers in the United States. Americans are sick to death of "business as usual," and desperate for an alternative that works. And our working class wants more of government than death and taxes, more of life than their irrelevance, more of their "leaders" than fake empathy and real contempt. A role in constructing a better economy, and a society fit to live in, is what paving the high road provides.

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