14 Productive democracy

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Introduction

These are the best and worst of times for practical egalitarian democrats. Globally, the number of peoples selecting their governments through free elections has rarely 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 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 organization 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 the world’s major capitalist democracies to the global financial crisis and ensuing contraction (itself triggered by collapse of a seventeenth century-worthy debt-financed asset price bubble, studiously neglected by governments in hock to casino finance and intent on its deregulation) has offered a kaleidoscope of such democratic failure. That at the time of writing (September 2011) the main perpetrators of the calamity have emerged unscathed, or in some cases even better off, and the Right has gained more politically than the Left, suggests just how severely competent and egalitarian democratic politics has been diminished.

Many egalitarian democrats, again especially from those rich countries, fear that the combination of globalization, 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 recognizably modern as well as egalitarian democracy, a fortiori a world of many such democracies, peacefully trading and otherwise working together to advance their own and humanity’s prospects, 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, with 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, militarized 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 organize a social base and govern sufficiently well to meet 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 a coherent 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 organized, could put up a very good fight for its achievement. I don't think this project is defeated by globalization per se, but I do think its achievement requires that egalitarian democratic politics shed much of its traditional twentieth century social democratic form. Here I call this project and its associated public philosophy "productive democracy" (PD).4

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 in 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 the promise of reasonably equal life chances, but by the capacity and incentive of all citizens to make such a contribution - to be meaningfully engaged in 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 governance 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 governance.

In policy, PD would commit to an egalitarian "effective supply" of the necessary ingredients for environmentally sustainable egalitarian wealth generation, not just effective demand for market goods and services. It would adopt a defining goal of public power to be the creation, in places, of a "productive infrastructure" (of policy and institutions, along with physical infrastructure) that supported the use of democratic power/organization 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, physical and financial capital - and equitable sharing of the benefits of that productivity. 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 the 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 speculative financial flows and corporate tax avoidance, and more ambitious in supplying non-military global public goods.

In governing, PD would focus on 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" in managing relations between national government 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 their management trading them greater autonomy and discretion in doing their jobs in exchange for their contribution to repeated cycles and reporting on: benchmarking, 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 organizing it could muster to improve civic education, general engagement, self-organizing, and guided but essentially open-source systems of problem-solving and deliberative decision-making. Citizens would have work to do and reasons for doing it.

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

**Why globalization doesn't defeat egalitarianism**

To be clear from 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 globalization's winners to compensate its losers. In line with the arguments of Amsden and Gallagher in this volume, I also find many of the current rules on globalization often 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 programme for globalization. Departing from seven simple and appealing principles for global economic governance, this recommends a "thin layer of simple, transparent, and commonsense 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 globalization. Along with democratizing 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 capitalization requirements, punitive bars to certain sorts of transactions, breakup or restoration of limited purpose banking). Getting something like this programme "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 globalization 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 equalization, 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 egalitarian 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 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

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<th>Table 4.1 Three public philosophies</th>
<th>Productive democracy</th>
<th>Neoliberalism</th>
<th>Social democracy</th>
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<tr>
<td>Effective supply (productive infrastructure)</td>
<td>Early</td>
<td>Deep</td>
<td>Active</td>
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<td>Active integration (via problem-solving)</td>
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<td>Progressive federalism, democratic experimentation, deliberative polycha</td>
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<td>Excluded from assets and (via services) non-</td>
<td>Tax universalism, progressive on luxury consumption, pollution, non-renewable profits,</td>
<td>Tax universalism, progressive on luxury consumption, pollution, non-renewable profits,</td>
<td>Tax universalism, progressive on luxury consumption, pollution, non-renewable profits,</td>
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<td>Security relaxation</td>
<td>Managed diversity, curbed financial speculation, ended tax avoidance, global public goods</td>
<td>Managed diversity, curbed financial speculation, ended tax avoidance, global public goods</td>
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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 effect, to the mundane, but ever reliable, robustness of gravity models in mapping value flows, to, most striking and decisively, ongoing urbanization worldwide and the acknowledged “triumph of the city” as humanity’s best source of environmentally sustainable practices, productivity, and innovation (Barhan et al., 2006; Glaeser, 2011).

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 able essentially 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, by providing a range of public goods beyond the capacity of individual firms, and enlisting the diffused monitoring, enforcement, and problem-solving abilities of citizens, public power in well-organized democratic places can also, does also, immensely improve those places’ productivity. In doing this it adds real value to the economy. And the places that do this better than others will naturally be rewarded by increased inflows of capital, a fortiori in a system where there are fewer barriers to them.

Democratic organizations can also ensure greater equity while increasing productivity. They can bargain directly with the capital attracted to their productive infrastructure, and make access to it conditional upon better behaviour by firms in the form of higher wages, higher taxes for public goods, and a greater share of profits reinvested. 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 oppressive employment relations (Bowles and Gintis, 1998). And, again, they can reduce waste throughout their systems and provide more efficient public goods and services. Indeed, such “high road” use of democratic organization 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 low sunk costs and 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 organized places, with the most robust productive infrastructure, would gain the most.

For all these reasons, then, I don’t think globalization per se defeats egalitarianism.

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 globalization. That possibility needs to be realized 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 against 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 organization of any subordinate group. It offered member participants or potential participants something useful, and solved a problem for the broader society that elites have no interest or capacity to solve themselves, thereby gaining social cachet and political support. Under twentieth 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 couldn’t solve on their own. Wage increases or state-led redistribution toward labour increased effective demand, which was captured by domestic firms supplying employment; stabilization 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 organization. Strong industrial union movements made deals with individual firms, but, through centralized 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. The first was a nation state in effective control of the economy within its borders and capable of meeting broad citizen demands for security. This promised 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 worldwide financial flows to permit unilateral correctives to recession, and security demands essentially satisfied by employment, military defence, and broad social insurance. The second background condition was the organization of capital into large and sectorally-dominant firms with highly centralized operations, typically organized in Taylorist ways that suppressed natural differences within the workforce. The third was the popularity of a politics based in industrial unionism, centred on issues best organized through the lens of class and the worker-employer-state flow of money value and employment regulation.

None of these conditions hold today. Globalization has qualified demand-management policies, employment often rests on favourable microeconomic competitiveness, and many risks the state is asked to deal with are intrinsically individualized, unpredictable, and hence “non-actuarial” (i.e., not subject to ordinary insurance coverage). As well as 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 meet them under 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. Greater decentralization and horizontal coordination within large firms, and more dynamism in (often loosely coordinated) small ones, has produced greater variation in the terms and conditions of work, the marketability of skills, and the structure of career paths. Along with complicating the state’s task of 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, 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.

Productive democracy

Productive democracy offers itself as just 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 imbalances. The hope is that this better organized democracy will not just be a more productive and fairer one, but that the very demonstration of 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 organization to maximize 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 to achieve that; and all members of those societies should contribute to their society’s 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; private competitive markets are an important tool of wealth creation, but not self-sustaining and often threatening the achievement of the normative goals just described; there is a fantastically large 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 organization 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 a 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 to showing how those elements are coherent. The list itself is incomplete, and my parsing obviously lacks (to put it mildly) the detail needed to operationalize any of its elements (though references indicated 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.

The institutions and policies of productive democracy

**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 programme: "pay the rich more to work harder, the less poor 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 that are consistent with basic human values (but with support mechanisms in place to allow those firms to meet such constraints under competitive conditions) and a series of complementary public goods (human capital systems, modernization 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.¹⁰

**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.

**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 but it would update it to include "flexicurity" policies aimed at speeding labour market transitions, themselves cushioned by a basic income guarantee, and promote wage compression as a general equity- and productivity-enhancing strategy. Consistent with its hostility toward excess consumption and interest in citizen engagement, it would also seek to reduce average work time.¹¹ And it would apply the idea of equal opportunity more directly to households and public life. In the household unit this is mostly about minimizing burdens on development and political participation created by the gendered division of labour within it (Gornick and Meyers, 2005), and gaining access to better welfare services for children (Esping-Andersen, 2009). In "politics" it would be about relieving all constraints on equal citizen participation via free and fair election financing, subsidized media, more intensive civic education in schools, time off for political activity and elections, and investment in local organization 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 either in terms of reward or the 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, though unlike neoliberalism, PD would support an affirmative state that directly supported elementary conditions of substantive political equality and equality of opportunity. But recognizing the current limits of state capacity, it would also support extra-state organizations 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 organizations and arenas together with the many opportunities for constructive citizen contribution that are lost as a consequence. In accordance with Howe's discussion in this volume, it would undertake a deliberate politics of association to address these issues (see also 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 upon 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 under-
standings of the rule of law. Neoliberalism returns to the latter (seeking to
recover the “constitution in exile”), while limiting the active state largely to sup-
pression and the defence 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 sub-
stantially different form. Still privileged relative to private interests in asserting
the public will, it would act in much closer relation to, and be self-consiously more
dependent upon, the monitoring, enforcement and problem-solving capacities of
a better organized 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 experimenta-
tion consistent with nationally declared aims that promise achievement above
that floor, as well as cross-site and national learning from such experimenta-
tion (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 problem via rules limiting bureaucratic discretion. But very
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 chang-
ing facts on the ground, and those facts, given the heterogeneity in life course and
interests described above, are often individualized 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 revolu-
tion to government, measuring and incentivizing performance on known desired
outcomes. While perfectly friendly to metrics and incentives, PD would recog-
nize that, except at the more general level, desired outcomes – much less the
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 customize 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 the
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 an ownership sense of the economy, PD would encourage “alternative”
property forms (coops, B-corps, non-profit producer or credit or service facili-
ties, 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 exper-
imented with by different publics), PD thus embraces the basic ideas and argu-
ments for some version of a “property owning democracy” (Meade, 1964;

Insurance

Social democracy limited social insurance to guard against loss of health or
labour income, while neoliberalism is opposed to almost any social insurance.
Retaining the labour income and healthcare guarantees of social democracy, PD
would promote a range of finer grained and more targeted types of insurance,
including protection against 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
(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 universal-
ity, 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 programmes and stingy means-tested ones. 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 distributing more public income to the lower and working classes, re-establishing one sort of cross-class material solidarity that internationalization now threatens. Because it favours high levels of investment and savings over high and environmentally destructive consumption, PD would combine a progressive consumption tax with direct taxation of greenhouse gas and toxic emissions. (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 organization to promote the widest possible contribution to social productivity consistent with the same or better possibilities for future generations. What that means in terms of programme 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, and ownership for all**

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 as 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 to the general public. PD requires citizens’ contribution to social wealth creation, democracy, and efficient self-government. It proposes preparing citizens for that contribution, indeed expects it of them, but broadly shares the benefits of their contribution towards making it. It advances the equity interests of traditional social democratic egalitarianism while solving that system’s fiscal problems and state failures. Based on a scaleable 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, recognizing 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 is coherent as a public philosophy, with all elements converging toward upholding the social contract it declares, with clearly defined gains and rewards for citizens who uphold their end of it. While it depends upon almost infinitely higher and more varied levels of citizen mobilization than at present, these things should give rational hope that, should PD be achieved, it would be capable of satisfying the sorts of interests that would be borne out of its rise – those associated with being an active and contributing citizen, one who is respected and rewarded in his community, country and the world. 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 by definition, 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 any success 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, organize, mobilize, learn, and govern. That means, inter alia: recognized and recognizably 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 programme, with short-term as well as intermediate and long-term policy and institutional goals; a consistency in 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, tithe, 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 favourable background conditions, or models of how better organized democratic power
outside formal government can improve government functioning, which can be undertaken almost anywhere).

PD, in short, will require deliberate and strategic organization. But beyond these generalizations about needed capacities and demonstration, I say no more about the organizational question here. This is not because it is unimportant, since nothing is more so. Nor is it because it is unsayable, since countless examples of all these elements exist. It is simply because the number of such examples is so great, and their particular form varies sufficiently by place, and the diverse practice producing them is itself evolving rapidly enough to defy any compact summary, or one of more than evanescent accuracy. A continually updated inventory of such work, a sort of Wikipedia of PD-informed social innovation, would be very useful to have, but clearly beyond my capacity or essential purpose here. I'll simply stipulate that there are lots of vibrant models of the sorts of organization required.

But, returning to that purpose, I do not think it at all hard to find a constituency for that organization, 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, interest in equity and social contribution and respect, all satisfied by PD, is almost universal among humans. So, too, is the fear that unconstrained corporate power will soon obliterate these "basic humanities" from mass democracies, at peace with each other, on a habitable earth. And so too is the hope and technical capacity for a more equitable, cooperative, productive, and sustainable organization of human affairs. None of these things is obscure. Everybody in the world 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.

Notes

1 Professor of Law, Political Science, Public Affairs, and Sociology, 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 Streich, co-authors of previous works (Rogers and Sabel, 1993; Rogers and Streich, 1994; Cohen and Rogers, 1995) that I draw on freely here. They are innocent of any errors I may have also introduced.

2 By "practical egalitarian democrats" I mean those who seek, starting from within the constraints on political deliberation and social investment typical of modern capitalist democracies, 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, namely, universal civil rights and liberties and principles of substantive political equality, real equality of opportunity, and priority to improving the condition of the least well-off.

3 By "globalization" 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 plus (often very poor) workers to the world’s active labour force. Other, less narrowly economic phenomena (e.g., cross-border cultural homogenization) 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.

4 I don’t wish to exaggerate the contrast with social democracy, whose Nordic variant in particular has long emphasized 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.

5 Here and throughout, I take productivity not as output per hour but value 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" (Barth et al., 1999; Costanza et al., 1997) among productive factors in this function would be worth special emphasis. Maximizing its restorative and productive use implies sufficient decoupling of "growth" from permanent natural capital loss to fully accommodate increased population and/or per capita consumption. PD would be very green.

6 The principles are, according to Rodrik:

1. Markets must be deeply embedded in systems of governance …. 2. Democratic governance and political communities are organized 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 arrangements, 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].

(Rodrik 2011: 237-44)

7 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 per cent 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 per cent. One finances growth with a 30 per cent rate of savings out of profits, yielding a 40 per cent (12/30) share of profits in output, a complementary 60 percent share for wages and government, and a 28 per
cent (40–12) share of consumption out of profits. The other does so with a 60 per cent rate of savings out of profits, and thus a 20 per cent (12/60) share of profits in output, a complementary 80 percent share for wages and government, and permitting only an 8 per cent (20–12) share of consumption out of profits. Identical in output growth, the economies are quite different in distribution.

8 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 is spent on the necessities of housing, transportation, energy and healthcare. 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 from their least efficient supply.

9 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 Alperovitz and Daly (2008).

10 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 as independent organizations 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 decentralization of firm and work process that undermined centralized 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 mobilize 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 localized presence and adaptability that it would otherwise lack. This would increase social productivity directly, not just via expected resulting investment.

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