

Democratic Wealth: Building a Citizens' Economy

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Democratic Wealth: an Introduction

~ Stuart White, Niki Seth-Smith

In 2008, as the severity of our current economic crisis started to become clear, many expected the rapid demise of 'neo-liberalism' as the reigning economic philosophy. This has not happened. Over time the dominant policy responses to the crisis have increasingly looked to free-market ideas or served to reinforce them. David Cameron's call in 2012 for the UK to wage an ['economic war'](#) based on a new wave of deregulation is one example of this. New citizen movements, such as the [indignados](#) in Spain, and Occupy in other countries, have articulated a sense that there must be an alternative. They are, in part, protests at a poverty of political imagination in the face of the crisis.

We need urgently, therefore, to explore in an open-minded and creative fashion what resources we have for a renewal of economic thinking – 'resources of hope', to use Raymond Williams's helpful phrase. This book, *Democratic Wealth*, on republicanism and political economy, is one contribution to this. The articles were first published as part of an online series hosted in 2012-2014 by openDemocracy and Politics in Spires, a website run by the Departments of Politics and International Relations/International Studies at the universities of Oxford and Cambridge. You can read the complete series at [openDemocracy](#) or [Politics in Spires](#).

What's republicanism?

The past two decades or so have seen a renewal of interest within academic political theory in something, or some things, called 'republicanism'. As a tradition (or set of traditions) within political theory, republicanism is not going to give us a direct handle on, say, the details of monetary and fiscal policy. But it can perhaps provide a constructive basis for thinking about what we fundamentally want from an economic order and about some of the institutions or approaches that will promote these goals. It can help us think about the relationships between society, economy and politics.

By republicanism we don't mean (just) opposition to monarchy, or the US Republican party. It's a highly contested term, but a working definition would probably include the following four things:

- (1) *Popular sovereignty*. A legitimate political order must make law and policy through processes that are appropriately inclusive of all citizens. Classical republicans understood this idea in terms of a ['mixed constitution'](#) that balances popular and elite forces. Modern republicans understand it as requiring popular sovereignty in the process by which laws and policies are made. This excludes oligarchy: rule by wealthy elites.

- (2) *Common good*. A legitimate political order must direct law and policy to a genuine common good. Economic arrangements are a construction of people in their capacity as sovereign and, when this sovereign power is rightly exercised, economic institutions are designed to serve this common good.
- (3) *Freedom*. A central part of the common good of the citizenry is each citizen's interest in freedom. In his *Discourse on the Origins of Inequality*, [Jean-Jacques Rousseau](#) says that 'the worst thing that can happen to one in the relations between man and man [sic] is to find oneself at the mercy of another'. According to [Philip Pettit](#) and [Quentin Skinner](#) there is a distinctively republican (or 'neo-Roman') conception of freedom that consists precisely in not living 'at the mercy of another'. We are free when we are able to live without being subject to the arbitrary will of another, when we enjoy what Pettit calls 'non-domination'.

To achieve its common good, therefore, a people must deploy its sovereignty to create political and economic arrangements that secure freedom in this sense for all citizens. It is not only a question of protecting the individual from domination by the state, but of harnessing the state constructively to prevent relations of domination emerging in the economy and wider society.

- (4) *Civic participation*. A citizen is not only someone with a specific legal status, but is properly a participant in shared decision-making, with a concern for the common good. Political and economic arrangements must enable and encourage this participation.

Can republicanism offer resources for rethinking our political economy?

The contributors to this book do not share the same philosophical or political perspectives, and none of them should be understood to endorse contributions other than their own. But they have been willing to share in our exploration of this question.

Taking Back the Economy

Part 1 of the book begins with republican philosopher, Philip Pettit, making a point that is central to this project. He argues that economic institutions, including markets and private property, are not part of a natural, pre-political order. Rather, they are a product of political construction and properly a matter of political choice ([chapter 1](#)).

In the following chapter, Jessica Kimpell presents a challenge ([chapter 2](#)): Is a republican market economy really possible? Is the market compatible with the civic virtue this apparently requires? With social democracy currently at an impasse, Joe Guinan argues that it is time for a new agenda focused on

spreading wealth and assets ([chapter 3](#)). Finally, Martin O'Neill and Thad Williamson consider the claim that something akin to a 'free market' economy is the right (the just) political choice for a democratic citizenry. They dispute this, defending John Rawls's preference for a market economy based on a 'property-owning democracy' ([chapter 4](#)).

Republican Economy in Practice

In Part 2 our contributors dig further into some of the detail of the institutions of a republican economy. Our authors explore co-operatives ([chapters 5-7](#)), unconditional basic income ([chapters 11-12](#)), collectively-owned sovereign wealth funds ([chapters 9-10](#)) and tax fairness ([chapter 13](#)). We not only present the ideas in theory but practical examples, from the co-operatives of Emilia Romagna in Northern Italy to the Alaska Permanent Fund, which provides Alaskan citizens with a real-world citizen's income. Contributors also consider how related ideas can help build a green, sustainable economy ([chapter 14](#)) and how to take alternative models, often local or regional, and employ them more generally and at scale ([chapter 8](#)).

Republican Politics

In Part 3 we turn to the politics of republican political economy. We include interviews with three prominent thinkers in this area: Quentin Skinner, whose reflections on 'liberty before liberalism' close with an indictment of modern-day surveillance ([chapter 17](#)); John McCormick on Machiavelli's relevance to contemporary democracy ([chapter 18](#)); and Dan Hind on his contemporary vision of a British 'maximum republic' ([chapter 16](#)). Alex Gourevitch explores the 'radical virtues' celebrated by 19th century labor republicans in the US ([chapter 15](#)). Finally, Karma Nabulsi discusses the connections between republicanism and the revolutionary tradition ([chapter 19](#)).

We end the book with a responsive Afterword from James Meadway.

What next for Britain and the world?

Our exploration of republicanism and the economy in this book connects with a range of discussions which have emerged in recent years and which we have only managed to capture partially in our contributions.

One important area we did not cover in the book is the Republic of Ireland, where [Fintan O'Toole](#) has argued that Ireland needs radical reform of its political and economic institutions to become, at last, a *genuine* republic. In Spain, where republican theory was explicitly used as a guide to government from 2004 to 2011, republicanism remains highly relevant with contributions from researchers and activists such as [Eva Botella-Ordinas](#), [David Casasas](#) and [José Luis Martí](#), as well as Daniel Raventós and Julie Wark who feature here. France hosted the [first colloquium](#) on the subject of republican political economy in Paris in 2007, and an important edited volume on this subject is forthcoming. Vincent Bourdeau, one of the organizers of this conference and volume, writes here. In the United States, Jessica Kimpell, Alex Gourevitch

and Thad Williamson are joined by other important thinkers in the field such as [Michael Sandel](#), [Stephen Elkin](#) and [William H. Simon](#). While not identifying as 'republican', the [Democracy Collaborative](#) at the University of Maryland and the ['Real Utopias Project'](#) at the University of Wisconsin-Madison have much to contribute and are important reference points for those interested in a republican political economy.

What will be the future of the diverse social movements that sprung up around the globe in the last half a decade? The Occupy movement, the indignados, the 'Arab Awakening' and post-revolutionary struggles may seem incomparable, but they share common elements that can be seen through a republican lens. The injustices that prompted them, and the desire for radical participation and a reclaiming of the economic sphere as politic and public, are not likely to disappear in the coming decade. These social movements can be seen as modelling, however imperfectly and transiently, an [alternative republic](#) to what many see as the broken, failed republics of mainstream politics. A recognition and application of the republican framework might aid these movements in their pursuit of a cohesive, anti-sectarian politics beyond political parties and static groupings.

In Britain, a discussion of republican political economy also has the potential to connect with debates within the various political parties - as well as to a citizens' politics outside of them. A renewed focus on cooperative and mutualist economics in Blue Labour and Red Toryism, manifested in Cameron's Big Society and Ed Miliband's One Nation agenda, may suggest an opening. The Greens might also have things to learn from a discussion of republican economics. And as the Liberal Democrats reflect on the experience of the Coalition, a discussion of republican economics might help them reconnect with their party's somewhat [occluded tradition](#) of interest in the distribution of wealth and workplace democracy. Apart from its influence on global social movements, republican ideas could help inform British civic bodies such as Citizens UK and the People's Assembly that aim to rally around the common good.

Of course, we should ask whether a future informed by republican theory is really desirable. How far and how successfully do contemporary republicanisms overcome the exclusions which were a feature of classical republicanism? Is the republican model of the virtuous citizen too demanding for people in a contemporary commercial society? Is the republican frame unhelpful, distracting from other, more promising ways of thinking about a renewed economy? How does republican political economy relate to the challenge of climate change and a recognition of other environmental constraints? What does it have to say, if anything, about global justice?

Clearly, this book does not answer all the questions we need to ask about an alternative political economy. Not by a long chalk. But it does try to think about the philosophy, policy and politics of an alternative in a reasonably integrated way, using the organizing concept of republicanism.

In a republican spirit, we offer the book to our fellow citizens in the UK

and across the globe, not as a definitive set of prescriptions, but as a contribution to an urgent democratic discussion which implicates, and should involve, us all.

The Market as a Res Publica

~ Philip Pettit

Republicans seek to protect and promote individual freedom. So do libertarians of the right. The difference? Republicans recognise that the market is constructed through political, public action.

Freedom in the republican tradition requires enjoyment of the fundamental liberties with the security that only a rule of law can provide. You must be publicly protected and resourced in such a way that it is manifest to you and to all that under local (not unnecessarily restrictive) conventions, you can speak your mind, associate with your fellows, enjoy communal resources, locate where you will, move occupation and make use of what is yours, without reason for fearing anyone or deferring to anyone. You have the standing of a *liber* or free person; you enjoy equal status under the public order and you share equally in control over that order.

This approach to the public world ascribes importance to a sphere of relatively private relationships and actions, insisting that within that sphere you should not be beholden to anyone for your ability to act as you will. But on any of the established republican views, that sphere is a space that is carved out by public custom and law, maintained by public enforcement, and secured by a form of public control in which each has an equal share. The rules of public order constitute the possibility of private life in the way in which the rules of a game like chess constitute the possibility of playing that game. They represent enabling (or enabling-cum-constraining) rules, not rules that merely regulate a pre-existing domain.

This republican image runs into sharp conflict with a more received picture, celebrated by right-wing libertarians, according to which the rules of public order regulate the private sphere rather than serving – now in the fashion of one culture, now in the fashion of another – to make it possible. On this libertarian view, the private sphere is only contingently dependent on public regulation, not dependent in the constitutive manner envisaged in the republican. The conflict between the images is important because it shows up in alternative visions of the economy and the relationship between the economy and the state.



City of London. Image: Flickr/Torcello Trio

Property: the contrast in libertarian and republican views

To bring out the conflict of images, consider the property conventions that establish the titles and rights of ownership. On the libertarian picture owning is a natural relationship — you might think of it as a relationship of possession and use — and the rules of property serve to affirm and protect the natural rights of owners.

On the republican picture, owning is a relationship that presupposes law, if only the inchoate law of informal custom. You do not own something — you do not have the freedom of an owner — just insofar as you can hang onto it, frightening off or driving off potential rivals. You own something only insofar as it is a matter of accepted convention that given the way you came to hold it — given public recognition of the title you have to the property — you enjoy public protection against those who would take it from you. It is yours to hold and enjoy in private; but it is yours in that sense only by grace of public convention.

This view of property, prominent in [Rousseau](#) and presupposed in the broader republican tradition, is scarcely questionable in view of the salient diversity in systems of property. These differ in how far they allow for communal and public property as well as private; in the titles they recognize on the private front; and in the rights of usage that they grant to private owners. Think of the variation in how far landowners are taken to own minerals under the surface of their land, or of the diversity in copyright law and intellectual property, or of the differences in how far people are allowed to treat their animals or extend their houses. Or think, of course, of the range of variation in taxation regimes, remembering that public taxation is part and parcel of any property system.

These observations, scarcely richer than platitudes, are important for

giving us a perspective on the market and the economy, undermining the libertarian image. That picture represents the market as a *res privata*, a private thing, suggesting that the role of the state is merely to lay low the hills in the way of the market and smooth the paths for its operation. And so it depicts any other interventions of government in the market as dubious on philosophical, not just empirical, grounds. I suspect that this image accounts for the continuing attachment to austerity among those on the right. They are philosophically opposed to Keynesianism, not just opposed on empirical grounds, and their ideological stance makes empirically based arguments for Keynesianism invisible to them.

The public rules of economic association

What constitutes the economy on the republican approach? The answer is: the sorts of public rules that create private space in general, such as the public rules that create the possibility of private ownership. These rules are public in the sense of being accepted across the society as a matter of common awareness, and being normally spelled out in statutory or customary law. And they vary across societies and periods, reflecting the varying assumptions of parliaments and courts and other public forums. They include the property conventions that we have been discussing but also extend much further. Without aspiring to be exhaustive, we should add to the *Rules of property* at least the following four categories of market-enabling rules.

Rules of incorporation. These determine the forms in which individuals can combine to form new economic players. They have evolved greatly over the past two hundred years, giving companies and banks and other such entities life without a sunset clause; liability that is limited to a shared treasury; the possibility of owning other such entities; the possibility of changing location and sphere of operation; and so on. While the rules for the formation and operation of commercial entities have generally become more and more permissive, most countries impose some anti-trust restrictions, guarding against monopoly. And countries vary a great deal, of course, in how far they allow corporations political influence, with the United States growing ever more tolerant of the pretence that [*corporations have the rights of natural persons*](#).

Rules of production. These rules impose restrictions on how far the larger players in an economy, especially in manufacturing industry, are allowed to locate near centers of population, to pollute the ground or water or atmosphere, to contribute to global warming, and to impose negative externalities on other players, individual or corporate. Many of these rules come about via statute while others emerge from the courts in the resolution of common law issues, in particular issues of [*tort*](#). The [*Learned Hand rule*](#) on such questions of tort would suggest, for example, that producers and other parties ought to take precautions against harming others in any cases where the cost of the precaution is less than the expected cost of the damage: that is, the cost of the damage, discounted by the probability of its occurring.

Rules of contract. These determine a variety of matters that have to be sorted out for the smooth and successful operation of a market. Who are competent parties to make contracts? What conditions, say in the matter of records of the transaction, are required for a binding contract? How far is the

contract to be understood on the basis of the exact words used and how far on the basis of presumptions reasonably ascribed to the parties? When is a contract null and void? What damages may a party seek for breach of contract: the loss suffered as a result of reliance on the other or the loss of the benefits that the contract promised? And so on.

Rules of finance. By what agencies is the money supply in the economy to be controlled? And what are the guidelines that those agencies should follow? Most countries rely on central banks for controlling the money supply and impose guidelines related to keeping inflation down and employment up. In pursuing its aims, and subject to statutory constraints, the central bank will vary factors such as the base interest rate at which commercial banks can borrow, the ratio they have to preserve between their reserves and their loans, the extent to which their loans can be bundled together in derivatives, the insurance available to depositors in the event of a bank defaulting, and so on.

As the rules of property establish a system of ownership, so these and other rules combine with them to establish, more broadly, a full-scale market economy. This claim, like the earlier claim about the role of property conventions, borders on the platitudinous. But by giving it prominence we can avoid being seduced into the libertarian view — now, alas, almost an orthodoxy — that the market is a relatively autonomous sphere which depends only contingently on the framework of custom and law, and on the role of the state in supporting that framework. The role of the state in relation to the market — the role of the community, operating through the state — is constitutive and not just regulative, enabling and not just constraining. And it is extensive in even a greater measure than my five sets of rules suggest, since it also includes providing for the infrastructure of education, communication, transport and insurance that any contemporary economy requires.



City Hall during Occupy Philly, November 2011. Image: Demotix / Rachael Cerrotti

Taking back the economy: the first step is philosophical

The message, to end on a slogan, is that we should take back the economy in the course of our political thinking. As we theorize normatively about the organization of political life, and about the distribution of socio-economic assets, so we should also theorize about what general shape our economy ought to take and about how our states ought to combine in shaping international economic forces. We should not shrink from such prescriptions on the spurious ground that the economy is a natural reality, subject to its own autonomous laws, and that government intervention always represents a potentially warping influence: the source of what are often described as distortions.

The philosophical re-construal of the market that I am recommending is quite consistent with empirically based arguments to the effect that one or another form of government intervention is counter-productive and that it may make very good sense in some areas of activity to let the market operate under its own logic. The point is that on issues of economic policy we should keep an open empirical mind. We should not be seduced into a hands-off presumption of the kind that libertarians support. But neither should we presume that we can rely usefully on the hand of government in every area of economic performance.

We may know as republicans what we ultimately want to secure in political action and organization within our domestic community. I would say that we want to establish people's equal enjoyment of the basic liberties, secured by a public order that is itself subject to their equally shared control; if you like, we want to promote equal freedom as non-domination in both private and public spheres. But neo-republican philosophy on its own does not tell us how best to achieve that goal on any front, economic or otherwise. It sponsors

a research program on such matters, framing that program as an inquiry into what we can collectively do through government in trying to further the common good.

What, then, have I wanted to do here? Merely to insist that that research program should not be inhibited by libertarian presumptions about the market that are implicit in much contemporary thinking. We should not go along with the naturalization of the market, as we might describe it in more or less Marxist terms. We must resist the presumption that government intervention should be limited on the basis of principle, rather than empirics. The market is not a natural domain with its own natural laws.

The Commercial Republic: a Contradiction in Terms?

~ Jessica Kimpell

Republican thinking today relies heavily on a classical conception of citizenship. Can this ever be compatible with modern commercial society?

If there are resources in republicanism for re-thinking the contemporary economic order, it might be worth turning to a republican thinker who wrote on the topic of political economy. [Jean-Jacques Rousseau](#) in “A Discourse on Political Economy” articulated a key worry now held by various groups today, including the Occupy movement, dissatisfied with existing political responses on poverty, education, health care and economic opportunity. For Rousseau, like republican authors before him, that central concern was about extremes in material inequality and their effect in the public sphere. Groups today, even in their criticism of the use of tax loopholes by the wealthy, for instance, echo Rousseau’s sense that the poor man “always bears the burden which his richer neighbour has influence enough to get excepted from.”

Rousseau’s work proposed, among other things, taxation measures targeted at the rich and “objects of luxury” (and there was no doubt, he thought, that one could determine what was and what was not a superfluity).

With his various proposals, Rousseau was trying through the state apparatus to get at the root of the problem of inequality, not simply to manage its effects. “It is,” he said, “one of the most important functions of government to prevent extreme inequality of fortunes; not by taking away wealth from its possessors, but by depriving all men of means to accumulate it; not by building hospitals for the poor, but by securing the citizens from becoming poor.” Today, policy wonks call this sort of thing [‘predistribution’](#).

Rousseau’s claim that it was an essential role of government to ensure citizens were neither too poor nor too rich was informed by his commitment to an ideal of citizenship and the republican notion that the state should aim at the common good. For him and others in this tradition, it was the civic virtue of citizens that secured the common good. But in a situation of vast inequality, citizens could not be virtuous and therefore freedom could not be achieved. This was because those with wealth dominated, directing laws in their favor, or in other words, toward sectional or private interest. Extremes in resources also undermined a shared sense of value and perspective. Whereas shared experience and commonality motivated virtuous activity, the lack of a common perspective and lack of a shared sense of values to be pursued reduced the motivation not only to place the good of the community ahead of one’s partial interests, but also to try with one’s fellow citizens to identify a common good in the first place.

This issue, however, about the nature of citizenship in republican thought and the (pre)conditions for certain kinds of citizen activity pose a difficulty when turning to republicanism for guidance in contemporary democracies. Accordingly there are two interrelated questions that need to be explored in considering what a republican political economy could mean for

today: First, what will it demand of citizens or what ideal of citizenship is being adopted? Second, to what degree will market institutions be challenged?

Rousseau's ideas about the common good and citizenship place him in a classical tradition of republican thought that was mostly hostile to commerce and commercial society. Commerce and commercial societies not only undermined the ideal of citizen-farmer-soldier, but also introduced a competing system of motivations and values to those central to republican thought.

Commerce against virtue?

The tension between virtue and commerce was at the heart of the 'luxury debates' of 18th century Europe. Those who critiqued commercial society and its increasing wealth and luxury in republican terms considered commerce and moveable capital as corrupting of citizen virtue. Commerce, and the luxury to which it was thought to give rise, encouraged boundless appetites and selfishness, drawing individuals away from public life by coaxing them to prefer private pleasures. Commercial society created a set of incentives and fostered values that encouraged individualism and materialism, which made wealth rather than political virtue a main good to be sought.

Accordingly, it also undermined the political culture needed for nurturing a virtuous citizenry by displacing republican norms and examples, which in turn was deeply subversive of civic education.

In other words, commercial activity and markets themselves were viewed as corrupting of citizens in their relationships with each other by changing their practices, perspectives and mores. Markets and market values, in particular, were threatening because they invaded areas of human activity that were central to the building of civic character. The mark of corruption, Rousseau thought, was when virtue was "rated at a market price," and this together with other developments associated with commercial society were the "causes of opulence and of poverty, of public interest, of mutual hatred among citizens, of indifference to the common cause, of the corruption of the people, and of the weakening of all the springs of government."

Thinkers associated with the Scottish Enlightenment who defended commerce and luxury similarly thought commercial society involved its own system of values, principles and motivations. In defending commerce, luxury, politeness and sociability, they shifted "the locus of virtue," [J. G. A. Pocock](#) said in an essay in *Wealth and Virtue*, "decisively from the civic to the civil, from the political and military to that blend of the economic, culture and moral which we call the social for short."

For thinkers like [Adam Smith](#), activity in the market operated according to the exchange of utility, and networks of cooperation could be built from individuals pursuing their own interests. Even more, individuals did not need to sacrifice their personal interest or property in order for politics to go well. [David Hume](#) thought the political environment might even be more moderate in such circumstances. Indeed, while republicans had tied the rise of self-interest to a negative story of change and corruption, in this nascent language of political economy of the eighteenth century, individuals' pursuit of their private interest was thought to be consistent not just with social and political

order, as [Albert O. Hirschman](#) argued in *The Passions and the Interests*, but with social and political progress. Private interest could be the engine of progress. Yes, luxury weakened civic virtue, but it also created economic demand and fuelled economic growth.

The other threat to republican virtue in the late eighteenth century, which formed a point of contention especially in the American context between the Federalists and the Anti-Federalists, was the sheer size of the territorial state.

It was axiomatic in the republican tradition prior to the late eighteenth century that republics had to be small. Monarchy was appropriate for large states, but not republics. The worry for those adopting republican ideas was that as the size of the state increased, such growth stretched the bonds between citizens and their sense of collective identification, removing the very grounds needed for encouraging virtuous activity in the public sphere.

The re-definition of the republic to include a vast territory was performed in part by figures like [James Madison](#) and [Abbe Sieyes](#), who drew up constitutions involving programs of limited government that made possible individual security, a form of citizen-rule and commerce. The small-state argument of the Anti-Federalists was laid to waste by Madison's claim that the way to solve the problem of faction was to control its effects through the sheer size and clash of interests within the American republic. Around this time, "imagined communities," as Benedict Anderson has argued, became increasingly possible through print media, providing some motivation on the part of large populations to think and act collectively.

But for republicans embracing the ideal of civic virtue, even though this new form of collective imagining might create a sense of community of some sort, it would not be sufficient for motivating the right kind of political behavior. The presence of face to face moments between citizens, or the possibility of those moments, was still considered as crucial for fostering a shared sense of belonging, motivating the pursuit of the common good and securing laws and institutions from turning into mechanisms through which group interests competed. Patriotism was kindled, as Rousseau said, among those "with whom we have to live," adding that this attachment to our fellow citizens in our immediate community received "new force because we are in the habit of seeing them..."

Contemporary republicanism: too classical?

Contemporary republicanism in academic political theory – neo-republicanism – is partly informed by a critique of liberal democracy and proposed as a corrective to the problematic effects of markets and individualism. But the version of republicanism proposed as part of this corrective is classical in perspective, especially in the work of political theorists such as [Philip Pettit](#), Maurizio Viroli and [Michael Sandel](#).



Harvard University Professor Michael Sandel. Image: Demotix / Pierre Teysot

Despite shedding some classical features, such as service in citizen militias or the exclusion of vast numbers of people from citizenship, neo-republicans profoundly share with the classical tradition its emphasis on the tight interconnection between good citizens, good norms and good laws and institutions. Pettit in *Republicanism: A Theory of Freedom and Government* says Machiavelli teaches the “importance of having civil norms that mesh with political laws,” citing Machiavelli’s advice: “Just as good morals, if they are to be maintained, have need of the laws, so the laws, if they are to be observed, have need of good morals.” Contemporary republican thought adopts the classical proviso that one needs all of these parts working together or the entire project fails. Additionally, classical and neo-republicans share the central claim that the achievement of freedom and the stability of republican laws and institutions depend on widespread civic virtue on the part of the citizenry. But in these ways, neo-republicans have turned back to the ideal of the virtuous republic that the rise of commercial society and territorial states unraveled.

Neo-republicans do not reject the market itself, but as Cécile Laborde and John Maynor say, republicans “object to the *market society*, where market relations spill into, and corrupt, parts of life where they should not reign supreme.” Yet, these thinkers do not explain why they are not similarly concerned as classical republicans were about the threat the very accommodation of commercial society and its egoism poses to republican ideals. They offer no argument as to how the spread of market values can be contained, so as not to invade the political sphere or to shape citizens’ desires, perspectives, relationships and dispositions, even though today most citizens are participants in the market. Given the pervasiveness of

commercial society, it would seem that contemporary thinkers would be even more vulnerable to this problem than classical republicans.

The problem yet to be solved: civic virtue in a market economy

Thus, key questions in thinking about the shape and commitments of a republican political economy for today are: What kinds of demands are going to be placed on citizens and on their political behavior? Are these compatible with the kinds of behavior promoted by wide use of markets?

Merely exhorting citizens to be more engaged, more community-oriented, more cooperative, more virtuous is not enough. We must ask again whether the tension between commerce and virtue can be overcome. Is there some kind of reconciliation possible that has not yet been imagined?

Social Democracy Must Radicalise to Survive

~ Joe Guinan

Social democracy is at an impasse, bereft of an economic programme. Democratic wealth-holding may open a way forward.

Social democracy seems perpetually at a crossroads. But today, more than a hundred years after the first of the parties affiliated to the [Second International](#) won a plurality in a parliamentary election (in Finland in 1907; Anderson, 1992, 307), social democrats may finally be running out of rope. All the main European social democratic parties are facing a crisis, registering at long last endlessly postponed questions about their fundamental purpose.

As with the last great crisis of social democracy in the 1970s, today's stark choices are being posed as the result of a major economic shift within capitalism: the deep disruption of capital accumulation as a consequence of the crisis in global financial markets unleashed in 2008. Social democrats have been dealt a tremendous double whammy. On the one hand, their decade-long strategy of full accommodation to neo-liberalism in order to skim off the surplus for ameliorative social spending has collapsed. On the other, contrary to expectations, the crisis has not thus far unseated neo-liberalism as the reigning economic paradigm, and financiers and the political right have neatly turned the tables on the centre-left. The big banks, having caused the crisis in the first place and led governments to borrow vast sums to come to their aid, have successfully redefined the resulting fiscal deficits as entailing cuts to public spending and social protection.

Stuck in this quandary, social democracy is unlikely to be afforded any relief by the markets. Rather than giving way to a resumption of growth, the Great Recession shows every sign of turning instead into a Long Slump.

Nature, too, has some nasty surprises in store for us. As a result of global warming *that has already occurred* it is now too late to avoid 'a cascade of local and regional "natural" disasters in the medium term' (Barnes and Gilman, 2011, 43). Price shocks, supply disruptions, dislocations, the rising costs of urban coastal infrastructure and remediation is the shape of things to come.

Even when – *if* – growth resumes, it will not deliver on the promises with which it is being invested. A modelling exercise for the [Resolution Foundation](#) by the Institute for Employment Research and the Institute for Fiscal Studies finds that on the basis of annual average UK growth of 2.5 per cent from 2015-2020 – an optimistic scenario – and no further cuts in public spending, living standards will fall for low and middle income households by between 3 and 15 per cent ([Brewer et al., 2012](#)). Only the rich will escape this ravaging maw of austerity.



Socialist chromolithograph in the Romanian magazine *Lumea Noua*, 1895

Morbid symptoms

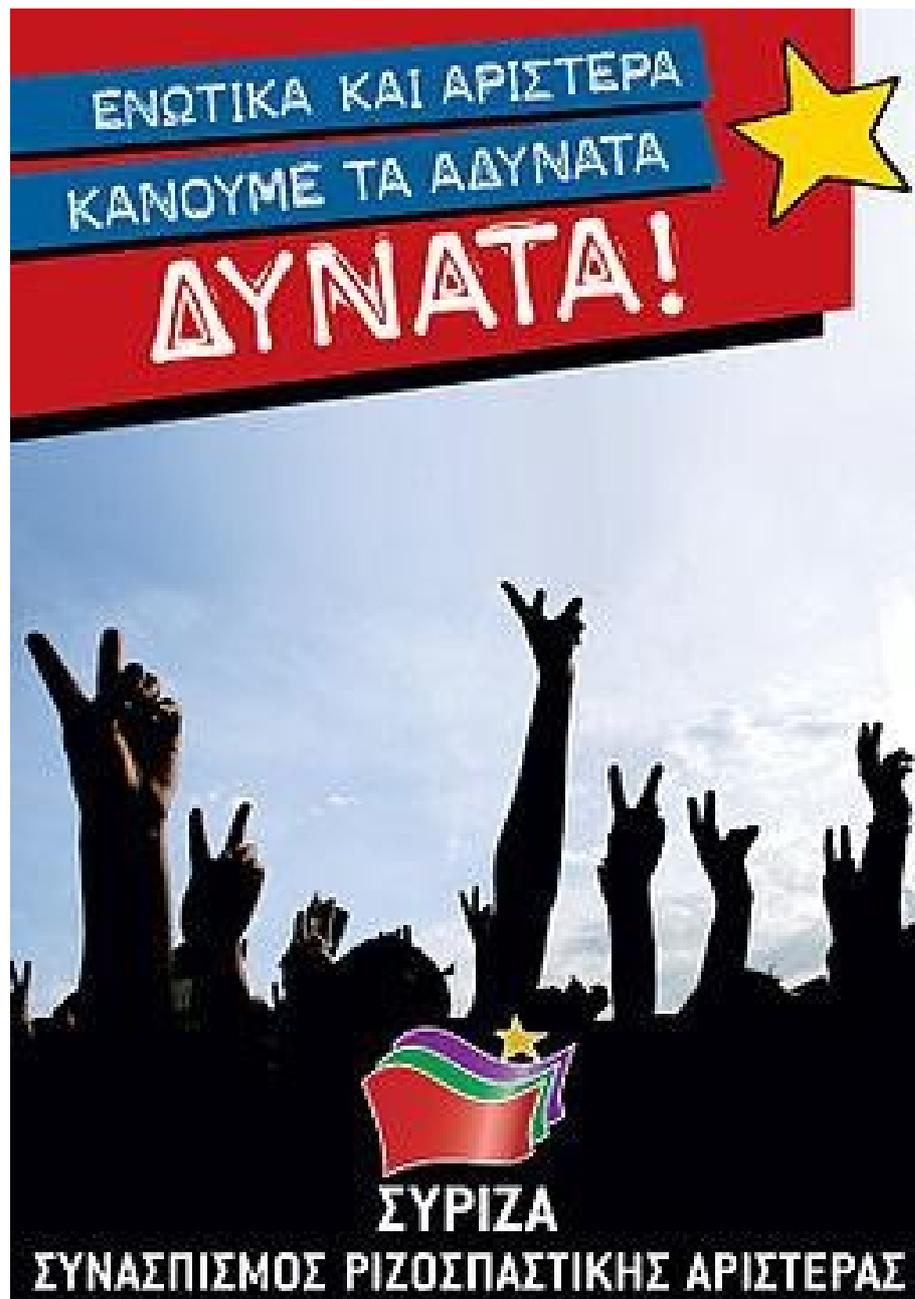
How have Europe's social democrats responded to this conjuncture? The early signs are not propitious. The politics of austerity is proving as disruptive as the economics. To the 'zombie households, companies and banks' of the post-crisis landscape (Giles, 2012) must now be added 'zombie governments'. A horror show of decrepit political formations not seen since the inter-war years has been exhumed from the crypt and installed across Europe: national governments, externally-imposed technocrats, even – in Greece – a troika-dictated regimen 'reminiscent of Austria in 1922, when a High Commissioner was posted to Vienna by the Entente – under League of Nations colours – to run the economy to its satisfaction' (Anderson, 2012, 57).

Unsurprisingly, turnouts at elections are falling, but this has not prevented an anti-incumbency tide sweeping over Europe to which governing parties in country after country – Britain, Ireland, Spain, Portugal, France –

have succumbed. The likelihood of continuing political volatility can be seen in the fact that, for the most part, their successors are prescribing even larger doses of the same awful medicine.

Against this backdrop, many social democrats – still desperate to haunt the ‘house of power’ (Weber, 1991, 194) – have begun to position themselves as the left wing of austerity.

One result of this posture is that social democracy is beginning to face significant challenges from the left. Thus far, existing party systems have just about contained the fallout. Greece, however, is the counter example. The [Panhellenic Socialist Movement](#) (PASOK) went into the May 2012 elections on the back of a 43.9 per cent showing last time around but carrying heavy baggage as a signatory of the troika memorandum. The retribution it was dealt was impressive. PASOK slumped to 13.2 per cent, a fall of some 2.2 million votes since 2009 (Mavris, 2012). The main beneficiary of this has been [Syriza](#), the left coalition, which trebled its vote to 16.8 per cent. The response of social democrats elsewhere in Europe has been to heap vitriol on Syriza and paint its leader, [Alexis Tsipras](#), in the most lurid of colours. His crime? Opposing austerity and daring to put forward what amounts to a genuine social democratic platform.



Syriza placard, translated as: "In unison and in a left-wing spirit, we make the impossible, possible."

From Keynesianism to neo-liberalism and back again

The difficulties facing social democrats today are deeply embedded in their history. Always more pleased with itself than its record would warrant, social democracy must now make a true reckoning with that history if it is to emerge from the current crisis as a continuing force for progressive change.

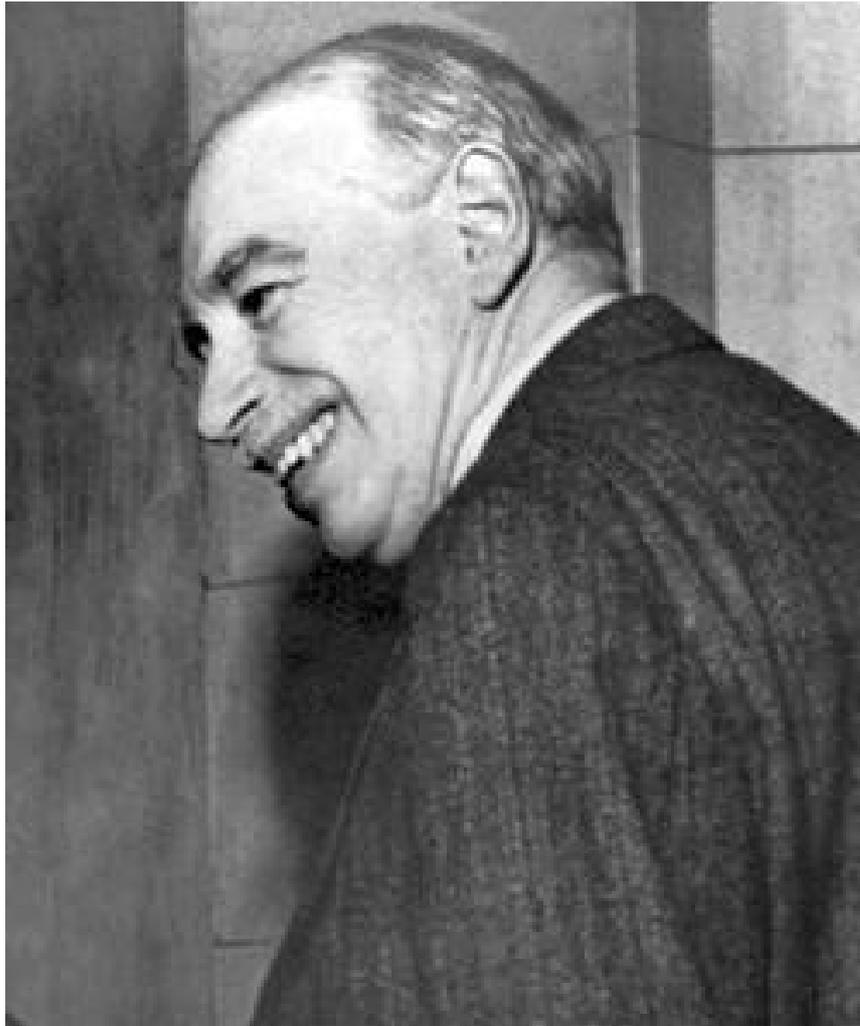
Social democrats first entered government in the inter-war period, 'largely as temporary shock-absorbers in the great European turbulence that followed the Armistice' (Anderson, 1992, 308). Part of their function was containment and suppression of political unrest. The widespread belief that they were moving with an inevitable historical current seemingly absolved them of the need for any specific economic programme of their own, and as a

result they did not initially make their mark anywhere. 'The conformism which has been part and parcel of social democracy from the beginning', [Walter Benjamin](#) observed, 'attaches not only to its political tactics but to its economic views as well' (Benjamin, 1969, 258). In Berlin in 1923, the SPD's [Rudolf Hilferding](#) was a model of economic orthodoxy; as was [Philip Snowden](#) in London in 1924, Chancellor in a [minority Labour government](#) that busied itself with nothing much besides RAF bombing of recalcitrant tribes in Iraq (Elliott, 1993, 38).

It was not political victory but total war that first installed social democracy in government with an effective economic programme of counter-cyclical demand management and welfare state expenditure. In this, social democrats were borrowing the clothes of two heirs of nineteenth-century liberal progressivism, Keynes and Beveridge (Elliott, 1993, 57). It was a fortuitous piece of political cross-dressing. With the Second World War and victory over fascism, there was a mass influx of workers into unions and politics across Europe. Combined with the unique circumstances of the post-war world, the stage was set for an extended period of broad-based economic growth that could accommodate both increased profit rates for capital and higher real living standards for labour (Anderson, 1992, 310).

Among the principal beneficiaries of this golden age was social democracy, which had now found its *raison d'être*:

"Keynesianism suddenly provided working-class political parties with a reason to be in office. It appeared that there was something to be done, that the economy was not moving according to natural laws, that economic crises could be attenuated and the waste of resources and the suffering alleviated if the state pursued anticyclical policies of demand management. If the economy was producing at a level below its capacity, given the existing stock of capital and labour, a proper government policy could increase output until it approached the economy's full potential." (Przeworski, 1986, 208)



John Maynard Keynes, 1946

The overall weaknesses of this posture eventually became clear. In particular, redistributive social spending was linked to the life of the post-war boom. Even before the oil shocks of the 1970s the terms of this boom were being called into question, as productivity waned and capitalists facing declining rates of profit sought new ways to outflank mass trade union movements. When the onset of stagflation in the 1970s undermined Keynesianism, social democrats had no alternatives to hand.

A few years later the verdict was in. New right-wing governments were installed across the social democratic heartland of northern Europe. 'Their overall mission', in Perry Anderson's summation, 'was to change the relation of forces between capital and labour, where necessary – principally in Britain and America – after tough class struggles to crush resistance to a new order. Deregulation, tax reduction, de-unionisation and privatisation became the main engines of a sustained drive to install a neo-liberal economic framework' (Anderson, 2001, 5). The terms had been set for the 1980s and 1990s.

We are all familiar with the end of this story. The onset of a long period in opposition for social democratic standard-bearers such as Labour in Britain and the SPD in Germany, coupled with continuing slow growth, high unemployment and falling unionisation, led the parties of the Socialist International into a comprehensive accommodation with neo-liberalism –

albeit one wrapped in soothing social market rhetoric and homeopathic concessions at the margins.

Once again, the verdict is in. The so-called [‘Third Way’](#) was a ‘fair-weather formation’ totally incapable of withstanding the onset of the Great Recession (Anderson, 2001, 8). Governments of the centre-left have toppled like ninepins. Those social democratic parties fortunate enough to have been in opposition when the crisis struck are struggling to find their feet and advance a credible alternative to austerity.

Conservatives have an in-built strategic advantage over social democrats in the current era of austerity, in which a pared-down neo-liberalism now appears shorn of no-longer-affordable social accoutrements. The neo-liberal consensus never enjoyed the same legitimacy as the post-war consensus but was instead based on division. Part of the reason neo-liberalism has survived the catastrophic market failures of 2008 is that conservatives can still wield such division to their advantage. This is especially true when they are faced with opponents who seem above all else to be shy of reactivating the left/right divide for their own purposes.

Democratising capital

Now for the good news. Social democracy may be at an impasse, but history is once again on the march. From Cairo to Wall Street and from Santiago to the City of London, change is in the air (Schiffrin and Kircher-Allen, 2012). 2011 has already joined 1848, 1968, and 1989 as a ‘year of revolution’. More recently, a wave of industrial action has broken out across southern Europe, culminating in general strikes in Spain and Portugal and associated stoppages in Greece, Italy, France and Belgium. As part of this mass political mobilisation, growing numbers of people – especially the young – have begun to conclude that traditional policies to achieve equitable and sustainable social, economic and ecological outcomes simply no longer work. A full-scale [legitimation crisis](#) is in the making. Growing income and wealth disparities are seen to be corrosive of democracy. Governments are judged as lacking the will or capacity to regulate corporations effectively. A generation of young people expects to be worse off than their parents.



N14 General Strike, Seville. Image: Lig Ynnek

Confronted with these realities, more and more people have begun to ask ever more penetrating questions. They see traditional politics as no longer even attempting to address the issues that matter most. To do so would in fact require confronting the need for fundamental systemic change. But what would this entail? And what would a different system even look like?

The social pain arising from the continuing economic crisis has made it possible – for the first time in decades – to pose these questions in a serious fashion. But despite this new space for a major public debate about fundamental change, serious political challenges to the system – from [‘Occupy’](#) protestors, community activists, environmentalists and others – have thus far been contained by the continuing sense of a lack of viable alternatives. The only choices have seemed to be corporate capitalism, on the one hand, or state socialism, on the other. Neither seems capable of addressing the problems of the twenty-first century. Neither commands the intellectual and ideological support of a new generation of *indignados*. But is there any alternative?

Today there is a real need for – and hunger for – new understanding, new clarity, and a new way forward. At the same time, growing despair at the inability of traditional politics to address economic failings has fuelled an extraordinary amount of practical experimentation. Over the past decades, literally thousands of on-the-ground efforts have been developing. Even experts working on such matters have rarely appreciated the sheer range of activity.

In spite of – or perhaps because of – the lack of many of the social democratic features of European countries, a lot of this experimentation has been taking place in the United States. The [Democracy Collaborative](#) has been gathering information on the steadily building array of alternative economic institutions in communities across America. They include social

enterprises that undertake businesses to support social missions; non-profit [community development corporations](#) (CDCs) and [community land trusts](#) that develop and maintain low-income housing; and [community development financial institutions](#) (CDFIs) that now invest more than \$5.5 billion a year in creating jobs and housing and providing services for poor communities.

Employee ownership is on the rise. Around 11,000 businesses are now owned in whole or part by their employees, involving 10 million workers – three million more than are members of private sector unions. More than one in three Americans – 130 million – are members of urban, agricultural and credit union co-operatives. There are also 2,000 publicly-owned utilities that – together with co-operatives – provide some 25 per cent of America's electricity. More and more US states are looking into the creation of public banking systems along the lines of the long-standing public Bank of North Dakota ([Alperovitz and Dubb, 2012](#); Alperovitz, 2013, forthcoming).

Most of these projects, ideas and research efforts have gained traction slowly and received little attention. But in the wake of the financial crisis they have proliferated. They illuminate how new community wealth-holding principles and approaches can work in practice and generate new solutions to political and economic challenges. It is slowly becoming possible to see how, by projecting and extending these practical experiments, the underlying structural building blocks of a new political-economic system might be assembled. What is needed – besides more capital to build up the sector over time – is an integrated and strategic effort to bring all this together and show how, in total, it forms the lineaments of a radically different system capable of delivering superior social, economic and ecological outcomes. The various institutions and elements already work in practice; now we must make them work in theory.

Although this self-conscious discussion about a 'new economy' is perhaps more advanced in the United States, Europe is no stranger to the institutions involved. Indeed, many of them have their origins in the political and economic struggles of the nineteenth- and twentieth-century European labour movement. The birth of the modern co-operative movement can be traced back to the [Rochdale pioneers](#), and now boasts a billion members worldwide (Co-operative Group, 2012, 29). In Italy and Spain – both on the front lines of austerity struggles – there are examples (the 'Emilian Model' as discussed by [Restakis, 2000](#), and [Mondragon](#)) that show the power of these institutions when taken to scale in particular geographical locations. Developments in the US also have their roots in the nation's own radical traditions, such as the labor republicanism of the Knights of Labor [discussed by Alex Gourevitch](#) in this series.

Taking sides

Social democracy today is bereft of an economic programme. So is the broader left, which has not yet developed an alternative to an unappealing and discredited state socialism. The slow and steady build-up of democratic wealth-holding institutions provides an obvious avenue for the re-animation and re-radicalisation of both, through the generation of a new set of economic institutions and political power bases. But this will require a long-term commitment to evolutionary change and a willingness to step outside of the

false choices and immediate constraints of crisis management.

In doing this, the assumptions behind austerity must be called into question. It is a deep irony that the Great Recession is unfolding among some of the richest societies the world has ever known. While the relations of production remain contested, the forces of production have been reaching new heights. In the United States in 2011, the economy produced almost \$200,000 (over £125,000) per family of four. In Britain in the same year, the equivalent number was almost \$150,000 (almost £95,000). In Germany, it was nearly \$160,000 (£100,000). Even in Greece, going through the agony of austerity, production reached over \$100,000 (£63,000) per four-person household ([OECD, 2012](#)). This is wealth enough – especially given the resource constraints imposed by climate change and emerging energy, mineral, water and other limits to unending growth. The challenge is not technological but organisational and political. It is a matter of *systemic design*.

Work is already underway to flesh out the elements of what a system based on pluralist forms of democratic capital ownership might look like (Alperovitz, 2013, forthcoming). That there is political space to be occupied in this regard is increasingly evident. In the UK, Ed Miliband has acknowledged the need for a different institutional basis for Labour's economic strategy with his embrace of 'pre-distribution' ([Miliband, 2012](#)). However, despite the valiant efforts of left Rawlsians to press down hard on pre-distribution and force it to yield some radical implications ([O'Neill and Williamson, 2012](#); [Doron, 2012](#)), in Miliband's formulation it seems a weak reed, relying on labour market interventions such as education and training to alter distributional outcomes. This is unlikely to achieve much. In Germany, where the workforce is highly skilled and high-tech manufacturing jobs have been retained, the price has been continuing stagnation of wage levels. That said, Miliband's impulse is the right one.

For social democracy it eventually comes down to the need to take sides. Whose side are you on? Now is not the time for timidity, for all the old fears about frightening horses with manifestos for radical change; quite the reverse. The upside of an almost total disenchantment on the part of the electorate with politics-as-usual is that they are now ahead of the politicians in this game. People buy the argument that things are not working any more. They experience directly the growing inequity, the insecurity, the unfairness. They are no longer creatures of a discredited media. Now people want to hear, boldly and clearly, an authentic message about change that will make a difference.

Having been dealt out of the game for so long, the left suddenly has everything to play for again. As popular movements and new institutional developments converge, there is the glimpse of a new world in the making. Embracing these possibilities will require abandoning some of the mental furniture acquired from long residence in the house of power. For social democrats, it will also mean becoming – for the very first time in their conformist history – a political force willing to be as radical as reality itself.

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Go to [references](#) for this article.

A Democratic Case for the Free Market?

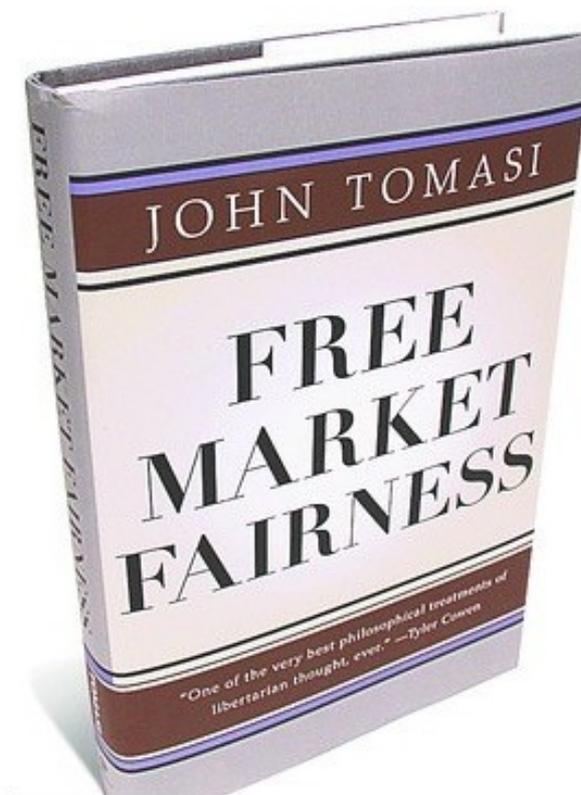
~ Martin O'Neill, Thad Williamson

A note from the editors:

This collection begins from the premise that democracy is morally prior to the economy. The structure of the economy should be designed to secure the common good of the people – that is, the shared interest of each and every citizen. This is by no means an uncontroversial premise. It stands opposed to a tradition of libertarian thought, which argues that people can establish moral rights to highly unequal amounts of private property and income. A free-market economy, or something close to it, is therefore held to have moral priority over democracy. So the philosophical choice has often been posed as one between democracy or private property rights.

Very recently, however, a new school of free-market thought has begun to emerge which rejects this as a false choice. John Tomasi's recent book, [Free Market Fairness](#), is an important work from this new school. Tomasi accepts that the economy is fundamentally subject to democratic authority. However, he argues that the common good is in fact best served by (something close to) a free-market economy.

Tomasi's thesis is an audacious one. Unsurprisingly, it is stimulating a lot of debate. In the article below, republished with kind permission of the [Boston Review](#), Thad Williamson and Martin O'Neill respond to Tomasi's thesis.



If you call yourself a libertarian, there may be no two scarier words in the

English language than *social justice*.

There are many ways to look at social justice, but it is generally understood as demanding that institutions and social practices promote the flourishing of each and all and prevent the domination of any one group by another. This view of justice is inconsistent with the libertarian claim that some people have *absolute* rights to property, rights that cannot be overridden even by others' needs for the share of resources that would allow them to have a decent life. That claim also holds that property owners are unconditionally justified in excluding others from using their property, beyond the taxation needed to sustain a minimal state.

This position—associated most famously with Robert Nozick—denies the basic requirement of justice: that individuals (and their families) enjoy a decent or equitable share of resources, social esteem, or opportunities to develop their own capabilities—a share sufficient to make it reasonable for them to endorse the social order. It's too bad that some people are unlucky, but property rights can't be violated in order to improve their situation.

Because Nozick was an effective writer who produced many interesting thought experiments, and because he showed the impossibility of combining a free market with strict equality of outcomes, he has remained a staple in the debate about justice. But he is often used as a punching bag, to illustrate why strong libertarian views are not properly conceptions of justice at all, but are instead rationalizations for the exclusion of the many and the domination of the property-owning few.

Political philosopher John Tomasi's new book *Free Market Fairness* is a carefully crafted attempt to provide what has long been missing from the debate: a non-egalitarian, non-utilitarian, and non-aristocratic conception of social justice that *is* recognizably a conception of social justice. Tomasi rejects strict libertarian views that identify absolute property rights with absolute rights of individual self-ownership. Instead, he aims to revive the classical liberalism of F. A. Hayek and Milton Friedman and to bring it into conversation with John Rawls's idea of a just society, a society whose political and economic arrangements are acceptable and justifiable to each of its members.

The book is written in a friendly, relaxed tone that seeks to build bridges in two directions. First, Tomasi aims to convince the libertarian-minded that they needn't be hostile to the idea of social justice. He emphasizes that leading classical liberals and libertarians—even Ayn Rand—have implicitly or explicitly invoked something like the Rawlsian idea that the social system ought to work to everyone's benefit. Tomasi himself endorses this basic Rawlsian claim and argues that Hayek's critique of social justice does not undermine the core of Rawls's project.

Second, Tomasi seeks to persuade liberal egalitarians in the Rawlsian mode—those he terms “high liberals”—that their thinking fails to recognize the moral significance of “economic liberties.” He believes that this failure in turn bends liberal egalitarian thought toward an excessively critical assessment of capitalism. Tomasi's proposed alternative view—“market democracy”—endorses “enthusiastically capitalistic” institutions as the best way not only to respect political and economic liberties, but also to achieve a just society. In practical terms, this may mean using taxation to assure access to key public goods such as education, health care, and a minimum income, but it also means abandoning “material egalitarianism” and, whenever possible, seeking

non-statist ways to achieve social goals. While market democracy does aim to lift the income of the least well off over time, Tomasi argues that the best way to achieve this is to permit large-scale inequalities and as free a market as feasible.

But while Tomasi's critique of egalitarianism and trenchant defense of capitalism enrich the classical liberal position and extend the debate on what constitutes justice, ultimately they don't hold up.

Rawls's theory of justice contains two principles. The first requires a scheme of basic liberties to be enjoyed and exercised by each and all. The second requires substantive equality, combining fair equality of opportunity with limitations on inequality so as to maximize the position of the least well off group. The first principle is prior to the second.

At the heart of Tomasi's revival of classical liberalism is the claim that economic liberties ought to be considered basic in the same sense that political liberties are in the Rawlsian scheme. Basic liberties are not absolute; they can be legitimately curtailed to protect other basic liberties or to ensure that everyone can exercise them. But a high moral value is attached to basic liberties; proposals for limiting them must reach a very high justificatory standard. As Tomasi observes, Rawls's account of *basic* liberties denies that special status to economic rights, such as a right to free commerce and a right to hold productive property. Instead, basic liberties for Rawls consist only in civic and political freedoms, such as a right to equal political voice, and personal freedoms, such as freedoms of movement and occupational choice and freedom to hold personal property.

A libertarian conception of social justice?

For Tomasi economic liberties appear to include a right to hold productive property; a right to engage in commercial contracts in one's interest, including a right to sell one's own labor on one's own terms; a right to make one's own decisions about savings and long-term financial planning; and, in general, a right to benefit from one's own economic activity. If these liberties are recognized as basic, then even within a Rawlsian scheme they cannot be overridden for the sake of promoting the secondary principle of equality.

Tomasi's support of economic liberties is not rooted in libertarian claims about self-ownership, taxation as theft, or the unjustifiability of regulating market transactions. At various points, he recognizes the legitimacy of all four common justifications of market regulation: to protect workers from exploitation, to protect consumers, to protect third parties harmed by market transactions (through externalities), and to preserve the stability of the economy or society as a whole (e.g., through regulation of the financial sector).

Instead, Tomasi's case for the economic liberties is rooted in two moral claims. The first is that free economic activity is both a fundamental expression of human freedom and, more powerfully, a fundamental mechanism for self-realization. He frequently returns to the example of Amy's Pup-in-the-Tub, a small business outside Providence, Rhode Island catering to the bathing and grooming needs of pets. On Tomasi's account, Amy invested not only her money but also her time and effort to make the store a reality, knowing that prospects for success were uncertain. Consequently, she

can take great pride and satisfaction in her business. She has made her own life through her economic activity.

Free Market Fairness is largely innocent of serious empirical inquiry into market societies and how they work, but there is in fact strong empirical support for the story about Amy. Robert Lane's landmark 1991 book *The Market Experience* concludes that a primary benefit of markets is the sense of accomplishment they confer on many people—including not only entrepreneurs such as Amy, but also many employees. Tomasi's view is that high liberals often undervalue the moral significance of such satisfaction. He thinks that progressive political theorists, lacking experience in the entrepreneurial world themselves, have a bias toward political liberties. If they looked at the world through Amy's eyes—or even for a time, tried to follow in her footsteps—perhaps they'd have a healthier appreciation for economic liberties.

Tomasi's second moral claim depends upon the long-term effect of capitalism. Capitalism, he points out, has produced enormous economic growth and increased living standards in the developed nations. Continued economic growth is the surest recipe for further enhancing the prospects of the working class and the poor, who have already benefited. Hence we have a moral obligation to pursue capitalist growth. Tomasi criticizes Rawls for implying that a no-growth economy could make for a just society.

Amy's story

Tomasi makes important arguments for both of his moral claims, but neither is persuasive. Let's start with Amy and the benefit of working and achieving for oneself.

Amy's story proves far less than Tomasi suggests. If he simply means that a just society should accept and promote the basic right of individuals to control productive property, such as a small business, then high liberals can agree. Protection of a general right to operate a small business is consistent with a Rawlsian property-owning democracy. It is true that Rawls did not argue for a citizen's basic liberty to *own* productive resources; he believed that justice could be achieved under different regimes of property-ownership, whether fundamentally capitalist or socialist in nature. But ensuring broad access to *control* over productive resources is a central demand of his view of social justice. Amy could take satisfaction in the success of her Pup-in-the-Tub in a Rawlsian society, just as much as she does in Tomasi's free market world.

Amy is a curious example not only because her activities are protected in Rawls's framework, but also because her business represents a small and threatened sector of modern capitalist economies. The dominant form of economic organization today is not the small business but the large-scale corporation, which is itself a creature of the state. Should there be a general presumption in favor of corporations' rights to engage in free contracting, and if so, should this be enshrined as a basic liberty? Tomasi doesn't say, but it is clear that defending a right for Amy to own and operate a business need not entail that corporations have a strong right to minimal regulation.

The Amy story is also misleading because it privileges the experience of the small business owner. What about the worker in a large-scale firm? Blue-

collar workers in industrial enterprises also take satisfaction in their economic accomplishments and their ability to make a life for themselves, their families, and their communities through their own efforts. Tomasi faults leftist political theorists for being insufficiently familiar with or sympathetic to Amy's experiences, but there is little in *Free Market Fairness* to suggest that Tomasi is familiar with or sympathetic to the moral experiences of ordinary workers. And he evinces even less recognition of the ways in which corporations destroy working-class communities through plant closures, wage cuts, and poor working conditions.

Historically, collective bargaining is one of the principal vehicles through which workers have got hold of a piece of the capitalist pie for themselves, so shouldn't there be a basic right to organize in the workplace? Acknowledging such a right would immediately conflict with Tomasi's commitment to enshrining a basic right of individuals to negotiate their own labor contracts: union contracts are toothless if they do not cover everyone working for a firm. And a right to organize would raise thorny questions about how to handle conflicts between the claims of people such as Amy and the claims of workers who wish to bargain collectively.



Black Friday protests against Walmart, 2013. Image: Demotix/Steve Rhodes

Another conflict arises between Amy's claims and interests and those of much larger economic entities, such as Walmart.'s expansion across continents has ruined the lives and accomplishments of many independent business owners. If Amy and people like her are exemplars of the moral good

that can come from markets, then there needs to be regulation and intervention to prevent them being systematically put out of work by much larger companies that can afford to underprice local markets. Far from natural companions, the moral value of capitalist endeavor and the demand for deregulated markets stand in opposition.

Thus Tomasi seems transfixed by an attractive but unrealistic picture of self-realizing producers exercising their economic liberties to carve out a place for themselves in the world. This is rarely what we get when we have deregulated markets. Indeed it is more readily consistent with the high liberal accounts of social justice with which Tomasi takes himself to be in disagreement. Tomasi wants to promote his classical liberal vision of economic organization, but the force of his underlying moral vision pushes in an entirely different direction.

Any scheme to regulate the employment relationship or the relationship between smaller and much larger firms in the market would necessarily involve a thicket of complex issues and practical judgments. We suspect this is one reason why Rawls thought it wisest to exclude economic liberties from the list of basic liberties. Rawls was aware of the moral value of independent economic activity, but he thought that legislatures concerned to make sensible social policy were the proper places to work out the balance between economic rights and other competing interests. Likewise, since the goods that market society can provide—satisfaction, a sense of achievement—are obtained through multiple institutional mechanisms (some individual, some collective), there is a strong case against morally privileging the liberty of the small business owner.

Capitalism for the common good?



The New York Stock Exchange. Image: Songquan Deng / Shutterstock

What of Tomasi's second claim, that capitalism has raised the standard of living for workers and even the (relatively) poor? Laborers in developing nations—exploited for the gain of the developed world, sometimes in conditions of near-slavery—might reasonably object, but the claim can also be challenged within a domestic frame in at least three ways.

First, in the United States, these economic gains were secured while the public sector was growing dramatically. In 1930 federal spending was 3.4 percent of GDP. In 2008 it was nearly 21 percent. Labor laws effectively encouraged unionization from the mid-1930s until the Reagan years, the welfare state emerged alongside a fairly progressive tax code, and government played a major role in developing critical new technologies such as modern airplanes and the computer. There is good reason to think these changes helped to stabilize capitalism against frequent downturns and depressions and that they improved the lot of the working class. American economic growth should not be attributed to capitalism in any pure sense, but to a mixed economy that includes a heavy dose of public sector activity and economic regulation.

Second, as unions have declined—and not, as Tomasi claims, for lack of worker interest, but because of aggressive anti-labor tactics—and corporate political spending has risen, economic progress for the working class and poor in the United States has essentially stalled. Since the mid-1970s, hourly compensation for the median worker has grown just 10 percent, even though workers are 80 percent more productive today than they were in 1975. The official poverty rate, after falling by half in the 1960s, is now higher than it was in the early 1970s. Economic security and workplace conditions are worsening, especially among those without a college degree. And inequality has grown rapidly: the top 10 percent claimed *100 percent* of total family income growth between 1970 and 2008, and the top 1 percent alone claimed more than half of the gains between 1993 and 2010.

Market societies—even when they generate economic growth—do not automatically lead to continual improvements in economic well-being for the bottom half (or even the bottom 90 percent) of the population. Capitalism has worked as well as it has for the less well off precisely because of effective regulations and laws that prevent corporations and the wealthy from excessively tipping the rules of the game in their own favor. As government's capacity to constrain corporations and the wealthy has declined, so has the economic well-being of workers.

Third, even if everyone were benefiting from economic growth, there would be reason to doubt that indefinite growth leads to indefinite improvement in human well-being. After achieving a baseline of economic security, most people don't find themselves happier thanks to higher incomes. What they want instead is more time for friends, families, and activities that give their lives meaning. As Lane shows in *The Loss of Happiness in Market Democracies* (2000), many people in the developed countries sacrifice their own happiness and friendships for greater income.

Perhaps all these people are freely choosing to overwork. But this is improbable. The more likely explanation is that many workers can't earn enough unless they're overworked. Because firms don't have much incentive to offer generous terms, workers are effectively not free to find a 30-hour workweek, adequate salary, and flexible scheduling. An emphasis on

individual economic liberties obscures the question of who sets the menu of choices available to ordinary workers. As societies get wealthier in goods but poorer in time, there are compelling reasons of both social justice and social rationality to restructure markets and employment rules so that ordinary workers can more easily choose time over pay.

Tomasi rejects the claim that caring about social justice requires aiming for substantive distributive equality. To assess market societies, he invokes a much weaker standard of “distributional adequacy”: each and all should benefit from political and economic arrangements; if all are better off, it is acceptable that some have much more than others. In stark contrast to Tomasi’s view, Robert Frank, in his 2011 book *The Darwin Economy*, persuasively shows why a concern for the well-being of all should lead us to worry about income and wealth inequality, even if society meets a baseline of distributional adequacy, which currently it does not.

To make his case, Frank calls attention to “positional goods,” which are inherently scarce. These include front-row seats at Los Angeles Lakers games, beachfront property, real estate near Central Park, admissions to elite private universities, and having a bigger house than one’s neighbors. It is the scarcity of these goods that makes them so relevant to discussions of justice.

In the context of moderate inequality, no one will be able to monopolize all these different goods. Some people will have the means to buy the best tickets to Laker games, and some the best beachfront property, but no one will have the means to buy up all such goods. But in a context of unlimited inequality, the very rich *will* be able to monopolize these scarce goods—including those that are not top personal priorities. Passionate basketball fans who live and breathe the Lakers but have only ordinary incomes have no hope of sitting near the court (many will be lucky to get in the arena on a regular basis in the first place). They will be displaced not only by equally passionate but richer fans, but also by casual ones. Runaway inequality is not a neutral fact: it harms those priced out of valued positional goods, undermining their ability to pursue their own interests and preferences.

Frank points out how extreme inequality also creates socially irrational expenditure. Because people are concerned with rank and status, they have an interest in having a large relative share of the goods that indicate high status, even if having a large share isn’t useful. His favored example is housing size. People don’t want just a house big enough to meet their needs and wants; they want a house that is bigger than most other people’s. As the very rich acquire more and more money, they build bigger and bigger houses. This in turn puts status pressure on the income groups below them, who also build bigger houses. At least at the top end, though, it’s doubtful that bigger houses make their occupants happier or better off. The person who builds a \$6 million home to keep up with his neighbor’s \$5 million home would likely have been just as satisfied if he were in a \$3 million home while his neighbor was in a \$2.5 million home.

Those millions of dollars being spent on fancier homes that don’t make people happier could have produced a lot more social benefit if they had been transferred to poor, working-class, and middle-class people who have been evicted from their homes after defaulting on their mortgages. Clearly the existing political economy is not actually working to the benefit of all.

Tomasi tries to deflect worries about capitalism in practice by claiming

the high ground of ideal theory: the *philosophical* choice between free market fairness and its alternatives ultimately rests not on empirical and feasibility concerns, but rather on which vision of justice is most compelling at a moral level. This conception of the task of political philosophy is questionable, but more important here is that Tomasi's claim that free market fairness is morally superior rests strongly on the dubious empirical assertion that free market policies will "maximize the real bundle of wealth and income that the least fortunate among us personally controls."

Rawls's arguments for a property-owning democracy can accommodate at least the more plausible portion of Tomasi's concerns. The wide disbursement of capital can not only help to correct the undue political influence of giant corporations and the rich, but it can also create a society in which there are more Amy's Pup-in-the-Tubs and more people have enough to make their own way in the world without being dependent simply on labor income or constrained by the circumstances of birth.

Tomasi is right that a just society should permit the private control of productive capital, but his further claim that this should lead us to embrace deregulated capitalism is wrong. The moral goods of exercising freedom through market activities would be more widely realized under a regime of Rawlsian property-owning democracy than under the sort of minimally regulated capitalism that Tomasi celebrates.

See also:

- Tomasi's [article](#) summarising his argument in the *ippr* journal, *Juncture*, with supporting [video](#)
 - Stuart White's [response](#).
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An Iron Chain of Bondage: Lessons from the Knights of Labor

~ Alex Gourevitch

As modern workers, we have much to learn from the rich tradition of labour republicanism in America.

In 1828, William Heighton, a radical shoemaker, announced to a group of Philadelphia labourers that the wage-labour system “is...an iron chain of bondage. A system of unjust abstraction, oppression, and legal fraud, by which the most useful classes of society are drained of their wealth, and consigned over to eternal toil and never-ending slavery.” Heighton had just created the first formal political party of workers in modern history, the Working Men’s Party of Philadelphia. A fellow-traveler in New York, [Thomas Skidmore](#), soon followed with his own Workingmen’s Party of New York, and wrote in his first message to its members that he, too, thought that the great evil was the rise of modern servitude in the form of wage labour: “For he, in all countries is a slave, who must work more for another than that other must work for him. It does not matter how this state of things is brought about; whether the sword of victory hew down the liberty of the captive, and thus compel him to labour for his conqueror, or whether the sword of want extort our consent, as it were, to a voluntary slavery, through a denial to us of the materials of nature...”

Various workingmen’s parties soon followed across the US, motivated by a concern that the rise of a permanent class of wage-labourers had introduced a form of slavery under the sign of ‘free labour.’ Notably, their indictment of wage-labour took place in the language of the revolutionary republicanism of their forefathers. On the republican view, freedom was a condition of independence, which, economically speaking, meant you were not forced to work for anyone else. But wage-labourers, these republicans said, were kept “in a state of humble dependence” by the monopoly of control over landed and productive property. Radical inequalities of control over productive property made the propertyless dependent upon the owners of property. Therefore, despite the fact that the source of the wage-labourer’s dependence was different from that of the chattel slave, it was no less a servitude. It was the task of workers to use their collective power as republican citizens to transform society, “equalize property,” regain control over their own labour, and thereby achieve a condition of real freedom or ‘independence.’



Knights of Labor seal

Although the workingmen's parties quickly collapsed, their ideas did not. The constellation of ideas they articulated can be called 'labour republicanism' and persisted in the US up through the end of the nineteenth century. It ran through radical sections of the Democratic Party, known as the [Loco-Focos](#), and the mid-century [National Reform Association](#). The NRA argued for the redistribution of land from speculators and large landowners to small proprietors and workers.

But it is after the American Civil War in the late 19th century that labour republicanism fully came into its own. In earlier periods, the labour republican had remained tied to a small producer tradition, suspicious of any public ownership of property whatsoever, and emphasizing small-scale production. It was sometimes agrarian in its focus, hoping to transform industrial relations indirectly, by expanding land ownership. But with the rise of groups like the [Knights of Labor](#) and the Populist Party, labour republicans married the critique of wage-labour to a cooperative conception of industrial relations. They believed that the way to recover independence was not by recreating the republic of small producers, equal in their separate ownership of property, but rather by creating producer and consumer cooperatives, and by nationalizing control over certain communications and transportation networks. It is this attempt to apply republican principles to a modern, industrial setting that makes them relevant to us today.

Their argument proceeded first by reiterating the view that wage-labour was dependent and therefore unfree. Though legally self-owning, wage-labourer's were forced to sell their labour to owners. As the editor of the *Journal of United Labour*, the in-house journal of the Knights of Labor, put it, "when a man is placed in a position where he is compelled to give the benefit

of his labour to another, he is in a condition of slavery, whether the slave is held in chattel bondage or in wages bondage, he is equally a slave." Wage-labourers were compelled to sell their labour in just this way because they had no reasonable alternative to doing so. They could not steal, cheat or rely on charity. Though they agreed to a labour contract, they made this contract under conditions of dependence. To capture this voluntary but unfree condition, George McNeill, an editor and leading figure in the Knights of Labor, remarked of wage-labourers that they "*assent* but they do not consent, they submit but do not agree." For this reason, labour republicans felt that "there is an inevitable and irresistible conflict between the wage-system of labour and the republican system of government." They demanded a "a republicanization of labour, as well as a republicanization of government." This republicanization of labour amounted to the demand "to abolish as rapidly as possible, the wage system, substituting co-operation therefore."

The aspiration to create a cooperative commonwealth was the real innovation of the Knights of Labor. The Knights organized skilled and unskilled labour on a national basis, and made the creation a cooperation commonwealth their ultimate aim. Co-operation, rather than dis-integration into separate, productive units, was the path to transforming relations of inequality and domination into ones of equality and therefore independence. But co-operation was also difficult to define. On the one hand, labour republicans saw it as an integrated system of producer and consumer cooperatives linked together by national systems of communication and transportation. This appeared to demand a substantial use of the coercive power of the state. But labour republicans were extremely suspicious of the state and voluntarist in their thinking about how to create the desired cooperatives. Their suspicions about the state were quite reasonable, giving the extraordinary violence that the late nineteenth century American state visited on labour organizations. Their voluntarism was more problematic, because they were reluctant to force property-owners to contribute the funds to create and maintain cooperatives, and similarly relied only on voluntary contributions from interested workers.

There is much more to say about the labour republicans but there are straightforward ways in which they can serve as an inspiration to us today. Their worry that wage-labourers might not be fully independent, because of radical inequalities of wealth, points us well beyond the current, quite popular but potentially superficial, concern with inequalities of income. It directs our attention to structural inequalities in control over productive property. By making freedom their polestar, labour republicans were able to show that equal freedom was not just a matter of having more opportunities for consumption, but also a matter of how we organize production. They also brought this concern with dependence from an analysis of the economy as a whole into the workplace itself. They worried that the worker's labour contract "often compel[s] him to submit to hectoring, domineering, and insults of every kind." As various debates about employer intimidation and control remind us, we too are well acquainted with a wide range of concerns that labour contracts put workers in relationships of arbitrary power and domination with respect to their employers. Concern for human freedom thus requires us to think about how to organize power in and at work. Perhaps most aspirationally, but no less importantly, labour republicans not only thought we

could become free at work but also free from work. A great virtue of cooperative ownership and control would be that everyone could benefit from the introduction of labour-saving machines. Instead of workers facing unemployment while owners increased their profits, everyone could equally enjoy a shorter working day. Ten hours a day would become eight, then six, perhaps even four. Not only would the burdens of hard work be reduced, but the enjoyments of leisure increased, for everyone.

Most importantly of all, labour republicans were not idle dreamers. The promise of the cooperative commonwealth was inextricably intertwined with the political agency of the working class itself. They were interested neither in a free-floating utopia, nor a cultural tradition, but a political ideology. Perhaps the earliest and most consistent argument of labour republicanism is that freedom is not granted, it is won. And it is only won through the political efforts of those denied that freedom. As one labour republican put it, “from themselves alone, all their help must come.” That thought is why we find these ideas expressed by leading figures of political movements – like workingmen’s parties, land reform movements, and labour organizations. Here too, the American tradition of labour republicanism speaks to us all, in the US and across the globe. Political progress is as much about identifying the agents of transformation as it is about articulating new ideas.

Civic Italy: a model for Britain?

~ Kaveh Pourvand

Many of Italy's age-old civic traditions have been kept alive today. In Northern Italy, the Emilia Romagna region gives an insight into how a modern-day republican economy might work in practice.

Emilia Romagna: from the 14th century to today

Italy has a long tradition of republican theory and practice. A key historical reference is the civic humanist school of thought of late 14th and early 15th century Italy. The school arose amidst the remarkable plethora of republican city states dotted around northern Italy during the period. These 'free' cities were characterised by a degree of political equality, freedom of association and prosperity unprecedented in feudal Europe.

As early as the 11th century, cities such as Pisa or Milan were electing leaders - or *podestas* - by citizens' councils for fixed terms. Moreover, these councils were often highly inclusive. The town of Modena was said to include fish-mongers on its citizens' council. They also had a wide variety of civic associations, from communes to guilds to business partnerships, and this associative culture facilitated the creation of sophisticated financial networks, laying the basis for later European capitalism. Civic humanists, such as [Leonardo Bruni](#) or [Coluccio Salutati](#), stressed the importance of civic equality to a free society. Crucially, this not only meant that individuals should be judged solely on personal virtues rather than lineage or wealth, but also that every citizen enjoy an equal opportunity to involve themselves in the business of government.

One of these free cities was Bologna, the capital of the [Emilia Romagna region](#) in northern Italy. The region has retained these age-old civic traditions up to the present day and they have helped create a cooperative based economy that belies the notion of a trade-off between economic equity and efficiency. It thus represents a fruitful case study for those looking to transform civic republican political principles into concrete forms of political economy. The discussion of the region's political economy here draws greatly on the excellent summaries provided by American cooperative advocates [John Logue](#) and [John Restakis](#).

One of the poorest Italian regions in the 1970s, Emilia Romagna now has one of the highest GDP per capita ratings in Europe. Around 30 – 40% of its GDP is provided by small employee-owned cooperative firms. There is a high concentration of small businesses more generally, with one person in 12 owning a small business or being self-employed. In sum, the region has around 420,000 small firms, making it one of the most entrepreneurial regions in the world. Individuals who are self-employed or have a substantial say in how their workplaces are run are much less susceptible to the arbitrary will of another. They are in this sense more free. Cooperatives are particularly strong in retail, construction, social services, agriculture and especially manufacturing. Half of the region's manufacturing output is exported. Moreover, the region's cooperative sector is often geared towards high-value

added work, be it the complex restoration of Bologna's historic buildings by construction cooperatives, or the supply of technologically advanced input parts to the region's 'super-car' manufacturers.



Emilia Romagna. Image: Flickr/Lorenzog

Italy's cooperative economy

The key challenge in creating a viable system of economic democracy is *scale*. Substantive democratic management is feasible at a small scale. However, as firms grow the process of obtaining substantive deliberative input from employee-members starts to become cumbersome and time-consuming. Yet market forces pressurise small firms to aggregate into larger ones as the subsequent economies of scale provide competitive advantages. For example, bigger firms can reduce their costs by buying raw materials and other input goods in bulk.

The Emilia Romagna region has been able to handle this tension in several ways.

Firstly, the region's cooperative economy has been facilitated by the wider constitutional framework, which gives cooperatives special recognition. Article 45 of the [Italian constitution](#) states:

The Republic recognizes the social function of cooperation of a mutualistic nature and without purposes of private speculation. The law promotes and encourages them through the appropriate means and secures, through appropriate controls, their character and purposes.

This constitutional recognition was given a concrete policy grounding in the Basevi Law of 1947, Italy's basic cooperative law. This legislation gave cooperatives specific privileges and responsibilities in order to encourage their self-capitalisation and long-term viability. The privilege was in the form of a full corporation tax relief on retained earnings. However, if the cooperative was sold, its reserves by law would go to another cooperative or cooperative federation rather than the members, who received returns through dividends or interest payments on their fees. While there have been some reforms to

the basic law since 1947 (for example, making the tax relief *proportionate* to the percentage of employees who are cooperative members rather than salaried employees) the essence of Basevi remains in place to this day.

By restricting the ability of cooperative members to 'cash in' during good times, the Basevi law serves to institutionalise a sense of intergenerational mutuality within cooperatives, which are seen to exist for the benefit of *both* future and present members. As one cooperative member says to John Logue: 'We receive wealth from past generations, and we create it for future generations of members'. This legal restriction in turn serves to counteract the market pressure for smaller firms to aggregate into bigger ones. This is why the cooperative sector in Emilia Romagna has not gone the same way of British building societies. The 1986 Building Society Act permitted societies to demutualise and turn into limited companies if more than 75% of members voted for it. Members would exchange their mutual rights for shares which they could then freely sell on the market. By 2008 all the demutualised firms had either collapsed or been absorbed into the big four banks.

Secondly, firms in Emilia Romagna cooperate as well as compete in a reciprocal system that the economist [Stefano Zamagni](#) has termed a 'civil economy'. Typically, several small firms will compete for a lucrative foreign contract. However, the winning firm will ensure that they outsource some of the work to other losing firms. In return, they expect outsourced work when they lose a contract. The practice of reciprocal outsourcing not only provides economic stability to individual firms but collectively allows them to service lucrative large scale contracts while maintaining their small scale.

Thirdly, the Italian system grants regional government a substantial amount of autonomy. This has allowed local governments in Emilia Romagna to create an effective 'industrial district' which supports cooperatives and small firms. As the late [Paul Hirst](#) explained, industrial districts are collaborative bodies involving governmental authorities and firms within a particular area. They provide cooperatives and small firms with the common skills and facilities that usually only large organisations have access to. Examples of such services include skills training for staff, access to low cost capital, research and development expenditure and marketing services. There is a critical role for government in providing and financing these services but it has to be done at the local level in order to tailor the industrial policy to the particular needs of the locality. In Emilia Romagna, the regional development agency ERVET (Ente Regionale per la Valorizzazione Economica del Territorio) provides small firms and cooperatives with a range of such common services. This assistance is a key reason why the region's small firms and cooperatives stay competitive.

Would the model work in Britain?

One cannot simply take the Emilia Romagna blueprint and import it wholesale into the UK. However, there are certainly steps a British republican government could take to encourage a more cooperative economy in the UK. I propose three initial steps.

First, it should adopt the Italian practice of providing cooperatives with tax relief on retained earnings while also legislating for an 'asset lock' – the restriction that reserves can only go to other cooperatives in the event of the

cooperative being sold. [UK legislation](#) already requires such an asset lock of [Community Interest Companies](#) but no such requirement exists for cooperatives. This should change. Moreover, UK cooperatives are currently recognised by UK law as Industrial and Provident Societies which are liable to pay UK corporation tax on their profits. A full tax relief on retained earnings should be introduced which, as in Italy, is proportionate to the percentage of staff who are actually members of the cooperative rather than salaried employees. These changes would help instil in the UK the principle of intergenerational mutuality that has so helped the Italian cooperative sector.



The People's Supermarket, London. Image: Flickr / mermaid99

Second, it should genuinely devolve powers down to local regions, so they have the capability to create the requisite 'industrial districts' that cooperatives firms need to flourish. Localisation is required because each industrial district has its own unique economic properties and will require its own tailored policies. Inevitably these policies require public funds so there also needs to be some genuine fiscal devolution to accompany this. The institutional structure for such devolution is already in place in the form of Local Enterprise Partnerships, created by the Coalition government in 2011. These bodies are collaborative partnerships between businesses and local government, which are charged with encouraging economic growth and job creation in their local areas. These are voluntary bodies – regions have to apply for recognition. As of September 2012 there were 39 LEPs in operation. The next steps are to ensure the creation of more LEPs, enough to cover the whole country, provide them with decent finance, and also expand the stakeholder representatives to include unions and community groups as well

as business and local government. A very complementary policy would be a system of [regional banks](#), perhaps modelled on the successful German Sparkassen system, as adopted by Labour.

Third, it should encourage a cooperative economy by measures which directly widen the distribution of wealth. The right typically wish to encourage entrepreneurship by cutting income tax rates but this usually benefits the *already wealthy* and exacerbates inequality. A better way of encouraging small business and cooperative entrepreneurship would be to endow individuals with substantive assets. One possibility, for example, is to reintroduce and strengthen the [Child Trust Fund](#) so that all individuals have a substantial capital endowment when they turn 18. This would, of course, necessitate a political battle for higher taxation. Aiming for a [land value tax](#) may be the best way to win it.

I offer these three steps as point marks for a wider discussion of what a republican political economy might look like.

Revolutionary France and the Social Republic that Never Was

~ Vincent Bourdeau

After the 1830 revolution, French workers waited for the introduction of the republic into the heart of production. It never came. The struggle that ensued was to shape French politics during the Second Republic and after as republicans sought to reconcile work with the principle of non-domination.

In the republican tradition, work has not always enjoyed a very good reputation. Classical thinking relegated the economy to the domestic sphere, where man's accomplishments as man did not have a place. The individual's character as a citizen depended on interventions in the popular assembly or even military action to defend the city-state in its hour of danger. The opposition between the republic and work was inscribed into an elitist vision of the republic in which the radically non-inclusive category of citizenship left out foreigners, women, workers and slaves [1].

Moreover, this opposition was not unique to antiquity. It reemerged in the moment when political economy first arose as a political language (as a new discourse that aimed to be a substitute for traditional representations of the distribution of power) in the 18th century [2]. As Jessica Kimpell has charted in her [earlier article](#) in this debate, this was the period of tension between virtue and commerce, between republican language and political economic language [3]. There was, over the course of the 18th century, a growing chasm between the new economic activities characteristic of commercial societies and the traditional values espoused by republicanism. The characteristically modern liberal synthesis that arose privileged the protection of individuals, the promotion of their rights and the satisfaction of their needs, rather than the constitution of a community of equal citizens [4].

However, this first reading is complicated once we recognise another approach, developed on the ground by ordinary actors. The work of [E.P. Thompson](#) and, more recently, the essays of [Christopher Lasch](#), show that in the 19th-century artisanal milieu – a universe essentially focused on work and production – there was an infusion of radical republican discourse [5]. This perspective expressed itself not as hostility towards work as such - the position of republican antiquity - but towards work as it was structured in industrial capitalism, as a critique of wage-labour.

If the key idea of republicanism consists in a definition of [liberty as non-domination](#), then to integrate work into the republican story we must identify the forms of domination it involves. We can distinguish at least three principal forms of work-related domination:

Personal domination: linked to the placing of production into a hierarchy and the consequent subordination of workers to entrepreneurs, leaders, teachers, etc.; in short, work as subjection to the arbitrary exercise of power by other individuals.

Impersonal domination: linked to the very nature of work in nascent industrial capitalism, an unprecedented domination of work *over time* due to the fact that value, in the capitalist regime, is established on the basis of abstract social labour.

Inversion of values: a perception that the modern world has developed to the point of making work the dominant social activity, belittling other modes of self-experience. Work imposes itself as the primary social value.

Let us now explore how republican thinkers in 19th-century France thought about work in the light of concerns around these 'dominations'. In Part 2 of this article we will then look at how contemporary republican political theory has responded to the challenge of work.

1830-1848: the moral republic of workers

We can begin with the 1830 revolution which saw the restored Bourbon monarchy replaced by the 'citizen king', [Louis Philippe](#): the [July Monarchy](#) (1830-48).

As [Jacques Rancière](#) suggests in [Proletarian Nights](#), workers perceived this revolution as a hint of a world about to disappear [6]. They waited for the introduction of the republic in the workshop, the establishment of a 'moral republic'. If the workers worked all day, they nevertheless didn't identify exclusively with their work. They wanted to gain control over their own time and, through this control, generate the inspiration that would make their difficulties tolerable. This description is not far from what E.P. Thompson, over a century later, described in his essay, 'Time, Work-Discipline, and Industrial Capitalism' [7]. In this essay, Thompson demonstrates the degree to which the resistance to the new industrial temporalities was strong in the first half of the 19th century in England and elsewhere in Europe, notably in France. The rejection of the domination of work over existence itself is a trait shared on both sides of the Channel.

The workers' 'association' is thought of here as a place of rediscovered control, not only over the work produced, but also over time and sociability. Work becomes a *place of life*, rather than being simply reduced for the worker to a place of work *sans phrase*, as Marx would say [8]. Thus, Rancière notes that the re-appropriation of the production process by the worker does not figure "in the relationship between his instruments and his product (instruments that are his at the master's as much as [in the association]), but rather in the reversal of his relationship with time" [9]. This reversal also translates to the refusal to be guided solely by demands internal to the process of production. Rancière gives the example of the piano makers, united in an association of which the primary benefit (far from being

transformed into capital), leads to a banquet, “a fraternal meal that assembles women and children”. Thus, as Rancière comments, “the moral Republic of workers is not exactly synonymous with the reign of productive work” [10].

Let's turn now to the revolution of 1848, which established the short-lived [Second Republic](#) (1848-52).

At the time of the Revolution of 1848, the debates showed an eagerness to establish a 'social republic'. [Alexander Ledru-Rollin](#), a politician and a leader of the radical democrats within the petty bourgeoisie, developed his formula of an 'applied Republic' at this time. This can be read as a republic 'replicated' within the heart of production [11]. The emergence of the 'associative' or co-operative form of production (the history of which continues at least as far as [Charles Gide](#), the economist and indefatigable militant co-operator under the [Third Republic](#) of 1875-1945) was understood as the integration of work into the operation of the republic [12].

The 'right to work' was a key demand, prompting the provisional revolutionary government to establish [National Workshops](#). Conceived by their more radical proponents as a step towards the ideal of workers' productive associations, they quickly became simply a system of work-tested welfare for the unemployed. Following elections to the Constituent Assembly in April, in which the radical republicans fared poorly, the government moved to abolish the National Workshops, prompting the unsuccessful '[June Days](#)' rebellion against the new, Second Republic.

For the partisans of the republic as a purely or primarily political regime, the sacrifice of the social aspects of the February Revolution seemed the lesser evil. Moreover, many republicans were convinced that the Republic did not have to apply directly to all social activities anyway, but should be embodied simply in the major political institutions. This had been the focus of their political engagement against the July Monarchy in the 1840s during the '[campagne des banquets](#)'. The victory of [Louis-Napoleon Bonaparte](#) in the first presidential election with universal male suffrage, the imperial impulse of the Bonapartist government, and, finally, the overthrow of the Second Republic following Louis-Napoleon's coup d'état in 1851, did not fail to raise doubts and questions.

Republican debate in the public sphere was constituted by an opposition between a social republicanism, seeking direct application of republican principles in the economic sphere, and a republicanism that sought to restrict these principles to the political sphere. Not only did this opposition shape the history of the Second Republic between February and June 1848, but it continued latently under the [Second Empire](#) (1852-70) established by Louis-Napoleon's coup [13].

After 1848: are worker co-operatives the way forward?

A good indicator of the adaptation of republican thought to the question of work is given by [Etienne Vacherot](#)'s treatment of it in his celebrated 1859

work, *Democracy*. This book was written in the 1850s while the failure of 1848 was still present in everyone's minds. At the time of writing, the very term 'republic' was banned from public discourse. It presents itself, in a barely veiled way, as a call to renew the republican ideal against the authoritarian impulse of the Second Empire [14].

The programme of democracy mentioned at the beginning of the book is an indicator of the overall work of redefining the term 'democracy' (a popular endeavour in the Second Empire), and of the manifest necessity of including an economic dimension: "In the economic order", Vacherot affirms, "[democracy] replaces wage labour and patronage with free association wherever possible. In a word, it wants liberty in all its forms, for all societal conditions." [15]

Excluding the forms of domination that persist in a wage-earning society does not imply only a protective intervention by the state. It also implies promotion of the economic conditions of autonomy that lead to the democratisation of property via the 'association' or co-operative [16]:

"In sum, except for the exceptional case of public officials, we can say that the conditions of independence for the different classes of society can be subsumed under a single one, property [...]. Work is only free in property; the worker is only independent with property. All other labour regimes are patronage regimes, more or less liberal, more or less malleable, in which real democracy cannot be accommodated [17]."

The workers' co-operative is significant for Vacherot in at least three ways. First, it is the classic condition of access to citizenship because it endows its members with the status of property-owners. Second, however, it contrasts with individualised peasant proprietorship which Vacherot sees as isolating the property-holder; it involves an education in democracy insofar as property is subject to collective decisions within the co-op. Third, the association is compatible with the most recent developments in economic activity. It is *modern*.

It is because of these features that it is the answer to the question that Vacherot posed: "What organisation of work would satisfy 'the democratic principle'?" One phrase summarises the democratisation of work that Vacherot calls for: "work for oneself by working for all" [18]. Vacherot thus reverses the definition of the liberty of work that we find amongst economists, according to which it is by working for the self first that one works for all:

"An associational regime substituted for the patronage [i.e., capitalist] regime would be immense progress in terms of dignity, liberty and democracy. A workshop in which each person depends on everyone, in which the only master is society itself; in which all authority is elective, all managerial direction removable; in which all personal commands are only the voice of regulation freely-chosen between all of the members of society; in which all workers are owners, and work for themselves in working for all [...] what a beautiful sight compared to the servitude of our actual workshops! It is

democracy realised in industry [19].”

Nevertheless, some republicans questioned this position. Another view, put forward by the republican and banker [Henri Cernuschi](#), held that capitalist wage-labour is consistent with republican values provided that certain conditions are satisfied. At the same time, Cernuschi expressed scepticism towards the co-operative model advanced by the majority of republicans in the 1850s and 1860s such as Vacherot. In his 1866 book, *Illusions of Co-operatives* [20], Cernuschi argues that the only consistent trait one can recognise in co-operatives is that they are usually endowed with little capital. Therefore, a legal framework must be created that allows them to increase their capital without difficulty. They must be able to welcome new associates, and the number of property titles must expand even if only supported by weak contributions.

But such a formula, according to him, brings with it an important social risk for the worker: that of losing the little capital that he was able to save, capital that would be swallowed up in the co-operative structure. It is no longer the classic republican theme of master and slave – recurrent in Vacherot’s work – that is mobilised here, but instead, the classic republican concern with ‘Fortuna’, the hazards of life against which the republic conventionally serves as a defence.

In short, the co-operative model does a disservice to workers. Cernuschi’s position exemplifies a form of republicanism that is actually pessimistic about our being able to directly apply republican principles in all social spheres. This does not rule out, however, a protective, regulatory role for the republican state where the direct application of republican principles is undesirable.

The Second Empire fell in 1870 as a result of the Franco-Prussian War. Under the Third Republic which followed (1875-1945), republicanism of the kind represented by Vacherot, which seeks to bring democratic principles directly into the economic sphere, became increasingly marginalised. Or else it was simplistically conflated with the communist project.

It is only in recent years that we have begun to see a revival of this kind of republican perspective. In Part 2 of this article we will explore how it has reemerged in contemporary political theory [21].

Based on a longer article originally published in French at [Implications Philosophiques](#); translated by Nadia Hilliard.

Go to [references](#) for this article.

Democratising Capital at Scale

~ Joe Guinan, Thomas M. Hanna

Faced with spiralling social, economic and environmental problems, many people are turning to economic democracy for solutions. But what shape should this democracy take?



99 to 1, Occupy movement poster. Image: Flickr / *eddie

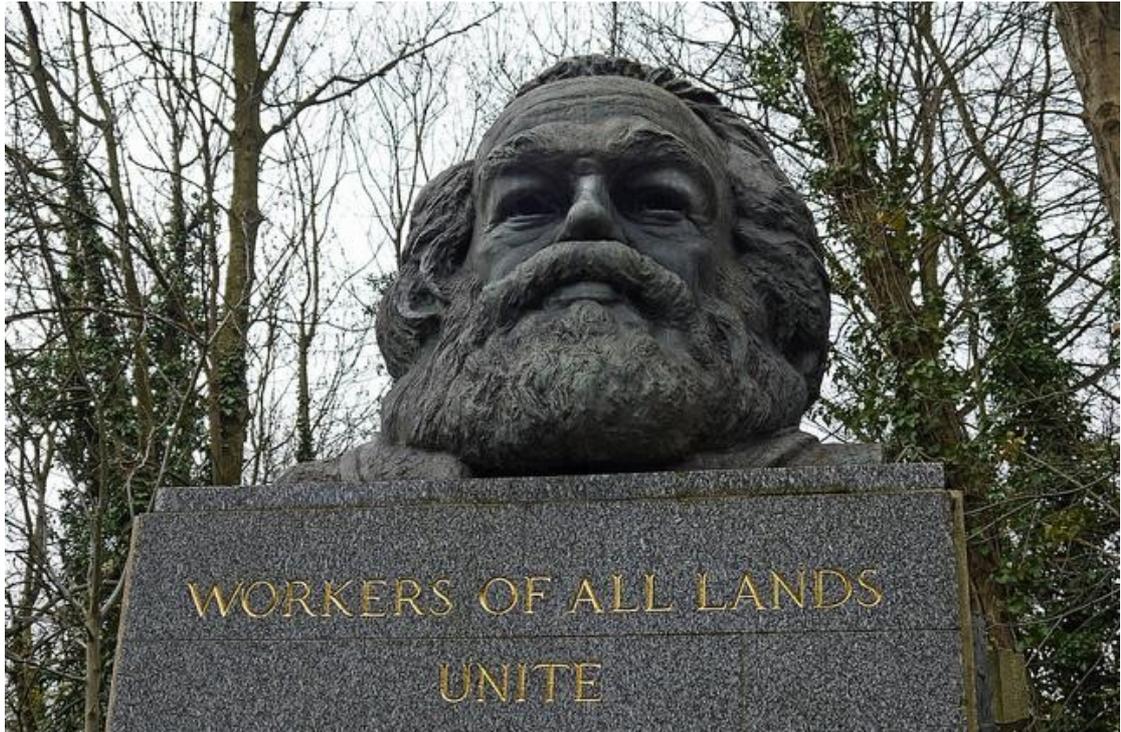
Last year, total private wealth worldwide stood at \$135 trillion. Of this, \$52.8 trillion – [almost 40 per cent](#) – was held by the wealthiest one per cent, the true beneficiaries of three decades of upwards-distributing neoliberalism. Even through the locust years of economic difficulty and self-defeating austerity, the colossal wealth of this tiny global elite continues to grow. Over half of all bank assets are now routed offshore. Given such staggering concentrations, the capacity of governments around the world to hold the line against rising inequality through taxation and redistributive spending – *even when they actually wish to do so* – is ever more reduced. Faced with a downward spiral of debt, poverty and climate destruction, it is unsurprising that more and more people are embracing economic alternatives in which new wealth is built collectively and from the bottom up. After Keynesianism, after neoliberalism,

serious thinking about the next economic paradigm is increasingly converging on the overriding principle of economic democracy, with the remaining questions being about what form it should take. For many, the jumping off point into alternative political economy is cooperative enterprise – and, in particular, employee ownership of the firm.

The five years since the financial crisis have been good to cooperatives. Today they are one of the few bright spots in an otherwise gloomy overall picture of stagnation, [falling real wages](#), rising inequality, public retrenchment and social and environmental decay. Against such a tide, more than a billion people now stand as members of one or another form of cooperative in which producers, consumers and stakeholders in various combinations are the collective owners and principal beneficiaries. Since 2008, the UK's co-op sector has grown a whopping 19.6 per cent while the economy as a whole contracted by 1.7 per cent. In 2011, [the cooperative economy](#) grew by 1.5 per cent, more than double the rate of the overall economy (0.7 per cent). Even judged against narrow capitalist criteria of economic efficiency, many cooperatives are outperforming the rest of the private sector. A 2013 International Labour Organisation (ILO) [report](#) found that, during the crisis, financial co-ops and mutuals outperformed traditional banks by almost every measure.

Political support for cooperatives is concomitantly on the rise. From the Archbishop of Canterbury to the United Nations Secretary General, “all the Powers of old” – to borrow a line from the *Communist Manifesto* – “have entered into a holy alliance” in their favour. Even the retrograde Coalition government has climbed on the bandwagon, with Deputy Prime Minister Nick Clegg calling for a ‘[John Lewis society](#)’ of worker-owners: ‘The 1980s was the decade of share ownership. I want this to be the decade of employee share ownership’.

On the left, cooperative ownership has an agreeable horizontality that endears it to a new generation of activists suspicious of hierarchy and centralisation. Crisis-driven worker-led transitions of previously capitalist enterprises into collective ventures in countries as diverse as Argentina, Greece, Italy and the [United States](#) offer hope for a new future rising out of the ashes. The growing sophistication of co-op networks in the Basque region of Spain and Italy's Emilia Romagna (as well as of lesser-known examples in Venezuela, Quebec and elsewhere) have proven the viability of such models over time and at scale.



Karl Marx' grave. Image: Flickr/Duncan

These are welcome developments. As Frances Fox Piven [has argued](#), worker-owners – because their interests are “multifaceted, going beyond a singular preoccupation with the bottom line and the short-term to include concerns with, for example, job security and community well-being” – will “likely be better corporate decision-makers”. Marxian economist Richard Wolff sees “worker self-directed enterprises” as a solution to the problem of surplus value and alienated labour. Such thinking has an impressive lineage. For Karl Marx, inaugurating the International Working Men’s Association in 1864, the ‘value of these great social experiments cannot be overrated’:

“By deed, instead of by argument, they have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without a class of masters employing a class of hands; that to bear fruit, the means of labour need not be monopolized as a means of domination over, and of extortion against, the labouring man himself; and that, like slave labour, like serf labour, hired labour is but a transitory and inferior form, destined to disappear before associated labour plying its toil with a willing hand, a ready mind, and a joyous heart”.

Some Problems

There is no question that co-ops, together with kindred ownership forms, are a powerful tool for democratising wealth. But because many people are now gravitating toward them it is important to recognise their limitations. Some of the problems can be seen in the [recent strike](#) of out-sourced cleaning staff at John Lewis and the ongoing [financial tribulations](#) of the Co-operative Bank. We must interrogate these difficulties to identify problem dynamics built into the institutional forms themselves.

To begin with, there is the familiar problem of externalities – the interests

of the worker-owners of a given enterprise are *not* completely identical to those of the community as a whole. While they may not relocate overseas, what is to stop worker-owners, any more than traditional capitalists, from maximising profit by passing on pollution costs and other negative externalities to the wider community? For firms free-floating in capitalist markets, this is often not a matter of choice, but of necessity: the pressures of competition force behaviour detrimental to wider social and environmental purposes.

Distributional problems, too, will persist. Markets, left to their own devices, are powerful engines of inequality and likely to overwhelm economic models based solely on worker ownership, producing undesirable outcomes and power relationships. As Gar Alperovitz [has pointed out](#), “workers who “own” the garbage companies are clearly on a different footing, for instance, than specific groups of workers lucky enough to “own” the oil industry”. What limited evidence we have suggests that workers in ‘democratised’ firms can easily develop narrow ‘worker-capitalist’ attitudes. Edward Greenberg’s classic studies of the plywood cooperatives in America’s Pacific Northwest found that, far from potential recruits for Marx’s International, worker-owners were more likely to adopt the petit bourgeois mind set of the conservative small business owner – hardly the stuff of Gramscian counter-hegemony.

Also discouraging is a tendency toward capitalist recidivism. In the absence of preventative legal structures, co-ops can display the unfortunate habit of pulling up the ladder after themselves, setting extremely high standards for future participation and hiring new workers on a wage basis rather than an ownership one. The SACMI cooperative in Italy, as John Restakis has shown, is “still owned and directed by its 390 members ... but [its] operations include control of 60 capitalist firms, 37 of them abroad, and sales in 100 countries”. All told, it employs around 3,000 non-member employees, making worker-owners a tiny fraction of the total workforce. Potential new members must have worked for the company for five years, be nominated and assessed by other members and pay a membership cost of around \$300,000, made as a loan and paid back over fifteen years through salary deductions. Mondragón’s use of “non-member wage labour” and “external non-voting capital stakes” raises [similar issues](#). Far from economic democracy, all this is reminiscent of the exclusionary practices of medieval craft guilds.

Accompanying regulatory strategies could constrain such dynamics. But relying on ‘after-the-fact’ interventions in political economy is a risky proposition – witness the crisis of social democratic redistributive taxation. To achieve genuinely different outcomes we must look to the deeper engineering of institutional arrangements. It is time to get much more serious about *systemic design*.

Systemic Design

Fortunately, there *are* solutions (or the beginnings of them). In Cleveland, Ohio, the [Democracy Collaborative](#) has been helping develop a linked group of worker co-ops embedded in overarching community structures. The companies are nested under a community-serving non-profit corporation and return 10 per cent of their annual profits to a revolving fund,

the purpose of which is to develop additional co-ops and thereby grow the network. Moreover, the '[Cleveland Model](#)' seeks to incorporate a quasi-public community planning system using the partially protected market of massive purchasing power (over \$3 billion a year in goods and services) by large local 'anchors' (hospitals, universities) that are themselves beneficiaries of considerable public support.

Such innovations incorporate worker ownership, but also [reach beyond](#) to "the democratisation of wealth and community building in general". The ills of capitalism do not all reside at the level of the ownership of the firm. Capitalism also operates and impacts at the level of the city, the region, the nation and internationally. Alternatives must do so as well and must include mechanisms and transition strategies for the democratisation of capital at a variety of scales.

There has been a great deal of innovative new thinking along these lines in recent years, spurred in part by the failure of traditional social democratic solutions. Alternative system models (or partial models) are now on offer from an array of thinkers, including David Schweickart, Richard Wolff, Gar Alperovitz, Michael Albert, Herman Daly and Erik Olin Wright. For example, in place of the traditional elements of capitalism – private ownership of the means of production with markets in capital, labour, goods and services – Schweickart proposes worker self-management of enterprises and social control of investment. His model has neither capital markets nor labour markets in the usual sense, for the good old-fashioned reason that "when the market extends beyond goods and services to capital and labor, it begins biting the neighbors, urinating on the carpet, and worse". Alperovitz sets out the lineaments of a system based on different ownership and growth paradigms he calls the "Pluralist Commonwealth":

““Pluralist” to emphasise the priority given to democratic diversity and individual liberty; “Commonwealth” to underscore the centrality of new public and quasi-public wealth-holding institutions that take on ever greater power on behalf of the community of the nation as a whole”

This conversation is increasingly sophisticated, but must grow even more so. Such models point past the embrace of one economic institution or another to crosscutting themes of systemic design. Take investment: "control over investment", as Adam Przeworski has reminded us, "is the central political issue under capitalism precisely because no other privately made decisions have such a profound public impact". At present, decisions about what portion of society's resources should be set aside from consumption and how they should be allocated are treated as private prerogatives. This is particularly objectionable given that finance – the *rentier* province of the economy *par excellence* – has been the site of major crises at catastrophic economic, social and human cost.



The Co-operative Society on the high street. Image: Flickr/Kake Pugh

One solution, of course, is cooperative finance. Globally, more than 50,000 credit unions already serve nearly 200 million members in 100 countries. Europe's cooperative banking sector [comprises](#) almost 4,000 co-op banks with 50 million members. But there is probably also the need for a strong public utility function in banking. Retaining community control over investment through public banks, or even community control over fixed capital in enterprises (in effect renting out the means of production to self-managing groups of workers), could help internalise externalities, the community being the ultimate universal owner.

Public ownership more generally, should be reclaimed from its fate as a bailout mechanism for private capital. Andrew Cumbers, Professor of Geographical Political Economy at the University of Glasgow, argues convincingly for a democratised public ownership that is "not only an increasingly urgent requirement but also a practical possibility in the years ahead". His "preliminary sketch" of a system designed around public ownership extends the definition of "public" to encompass "all those attempts, both outside and through the state, to create forms of collective ownership in opposition to ... capitalist social relations". Overall, he concludes, "we should aspire towards examples of democratically controlled forms of public ownership that are technically necessary at higher levels while relinquishing control of other activities as far as possible to the local level".

Finally, after three decades of market expansionism and the impoverishment of the public domain, a strong dose of decommodification should be included in any model with regard to public space, the environment, health care, education and all the other crucial ingredients of a flourishing

commons. “Only this”, Robin Blackburn argues, “can ‘neutralise’ the floating electric charge of capital by tying it to the ‘earth’ of mutual or public property, which can no longer be bought and sold”.

Democratising Capital at Scale

Part of the intuitive appeal of co-ops is their practicality and immediacy, such that it is easy to imagine an economy in which cooperative forms proliferate. But there are plenty of other real-world examples of democratic wealth-holding institutions and strategies that work in practice and can also be taken to scale.

Take public banking: the US federal government currently operates [around 140](#) different banks and quasi-banks, from the Import-Export Bank to agricultural lending programs. At the state level, the Bank of North Dakota has contributed [more than \\$300 million](#) to public revenues over ten years and has been highly successful in promoting community lending by local banks and developing the state economy. In Germany, in addition to more than a thousand cooperative banks there are [over 400 Sparkassen](#), publicly owned savings banks that together have nearly 250,000 employees and 50 million customers. Unlike some of the larger banks (private and public), these two pillars of the German banking system have, according to [the Economist](#), “come through the crisis with barely a scratch”.

Other opportunities for democratic control over investment [abound](#). City and local government economic development programs increasingly lend to – or make direct investments in – local businesses. Economically targeted investments channel public pension assets into job creation and community economic development. Venture capital funds give public authorities an equity stake in local investments. Municipal enterprises build infrastructure and provide services, raising revenue and promoting employment and economic stability, diversifying the base of locally controlled capital. New experiments with participatory budgeting allow for direct citizen engagement in the allocation of public funds. ‘Commons management systems’ cover everything from the Internet to public libraries, parks and blood banks. Public trusts receive revenues from timber and mineral rights to grazing and oil production, in turn providing funding streams that (as with the [Texas Permanent School Fund](#)) underwrite public spending or (as with the [Alaska Permanent Fund](#)) issue a citizen dividend.

Two additional intermediate strategies are suggestive of possibilities for a transition to economic democracy: mobilising ‘labour’s capital’ in the form of workers’ vast pension assets, and enacting a share levy on major corporations.

‘Pension fund socialism’ may not be emblazoned on many banners, but proposals going back to the seventies and eighties have called upon the trade union movement to ‘harness pension power’ by taking command of the huge pools of capital amassed by workers’ retirement funds as a critical first step toward a democratic investment agenda based on the premise that workers generate capital and should also direct its uses. As Tony Benn has argued, pension funds “belong to the workers, they are their own deferred earnings. Workers want them not only as income when they retire, but to sustain and create jobs while they are at work, and so to guarantee that they will retire in a

buoyant economy”.

Any such strategy by trade unions or public agencies should be focussed on “the potential for using pension capital as an opening wedge in the development of basic economic alternatives”, shifting the power that flows from control of pension assets to advance “a worker-owner view of value in the allocation of capital by firms and markets”.

Lastly, there is the example of the Meidner Plan. Rudolf Meidner, chief economist at the *Landorganisationen*, the Swedish trade union federation, outlined his visionary proposal as a radical response to the strategic challenges facing the labour movement in the 1970s. He wrote: “how to increase the level of savings but not inequality of wealth, and how to ensure that an increase in savings would translate into the kinds of investment that would sustain full employment, real-wage growth, and continued welfare-state expansion”. Against the backdrop of a solidaristic wage policy, and based on the moral claim that corporate profits derived in part from hidden public subsidy, the Meidner Plan required that corporations return a percentage of their profits to workers as equity. These shares would be entrusted to regional public bodies – ‘wage-earner funds’ – which would direct the eventual returns to meet agreed-upon social purposes.

Companies with over 50 or 100 employees (depending on the version) would thus have been transferred to collective ownership as the funds increased their holdings through the receipt of new shares. Meidner estimated that it would have taken wage-earner funds 35 years to acquire 49 per cent of the equity of a corporation operating at an annual rate of profit of 10 per cent. But the real beauty of the scheme was that the higher the profits, the faster the socialisation: the mirror-opposite of the various instances of ‘lemon socialism’ which have seen public ownership extended only to those sectors of the economy where enterprises were operating at a loss.

With transition strategies, what matters are the broader political consequences of institutional reforms. “From a democratic socialist perspective”, Jonas Pontusson points out, the issue “is not the immediate results of a given reform, but what possibilities it opens up for further reforms by altering the terms of public debate or encouraging popular mobilization”. This is critical. A re-empowering vampire capitalism is seeking a return to profitability through the extraction of every last drop of value from the public domain. In our “loaned out” economy, as Michael Hudson [has warned](#), a “neo-feudal *rentier* class” is turning to outright ownership, forcing debt-burdened governments into sell-offs in order to extract monopoly rents. Almost everywhere, supine political classes are inclined to surrender.

This need not be the case. There are real alternatives capable of moving us away from neoliberal austerity and in the direction of democratised ownership of the economy. Many of these alternatives – which go beyond cooperatives to public and quasi-public capital strategies – are already being put into practice in states and localities around the world. As the wave of asset-stripping privatisation comes crashing in, threatening to engulf schools, hospitals and public services, we must resist the sly voices of resignation and hold instead to the simple determination that, whatever else may happen, they shall not impoverish our imaginations too.

Sovereign Wealth Funds: Can They Be Community Funds?

~ Angela Cummine

The idea that governments should invest some of their wealth for public benefit has moved from utopian dream to part-reality with the advent of Sovereign Wealth Funds (SWFs). But are these SWFs really democratic entities?

Over the past five years, [Sovereign Wealth Funds](#) (SWFs) have become a prominent phenomenon in contemporary global capitalism. SWFs are government owned investment vehicles that take state wealth from excess reserves or commodity windfalls and invest it for returns in financial markets. They now number over 60 worldwide, the majority of which have come into existence since the year 2000. This rapid increase in number has been matched by explosive growth in their total asset holdings, recently estimated at just over US\$6 trillion. As a result, governments are now holders and investors of wealth in a way that for certain philosophers and economists has long been the preserve of utopian speculation.

One of those thinkers was economist [James Meade](#). In his classic work *Agathotopia*, Meade advocates the creation of a community fund - a stockpile of accumulated budget surpluses invested on the competitive stock exchange to fund a social dividend. In the 1990s, Gerald Holtham advocated the creation of a tax-financed community fund in the UK, managed by commercial managers, to generate returns to cover the gap in public finances that results when the cost of healthcare and education grows faster than GDP (Holtham 1995, 1999). In the US, Robert Kuttner argued in the late 1990s that the federal government should invest a proportion of its (then) budget surplus in the equities market and place the returns in a fund for grants to all newborn babies (Kuttner 1999). In [Chapter 10](#), Stuart White poses the question of whether we should revisit Meade's proposal for a Citizens' Trust to finance a universal social dividend.

For the most part, such proposals remain unrealized. The community fund, as imagined by Meade, Holtham, or Kuttner, has not been *intentionally* created in any political community. However, the establishment of sovereign funds by governments across the world realizes at least the superficial essentials of the community fund vision. At base, SWFs are government-owned pools of financial assets that seek to augment the public finances of their state sponsors through investment. Moreover, the rationale for most sovereign funds is a laudable policy goal like helping offset projected shortfalls in the public finances (often pension liabilities or healthcare costs); management of economic and fiscal challenges like currency fluctuation or national income volatility; or saving for future generations. Fundamentally, these functions are all about improving living standards within sponsoring countries by augmenting the prosperity of the establishing state.

However, in another crucial sense, SWFs are far from what we might intuitively imagine a *community* fund to be - that is, a fund set up to collectively benefit domestic citizens and promote their common welfare. Indeed, most SWFs are established by governments and invested by independent asset managers without consultation with the beneficiary population concerning their preferences for national wealth creation. Moreover, they are often managed in a relatively non-transparent and unaccountable manner with investment returns distributed according to the state sponsor's will, very rarely benefiting present-day citizens. We might wonder then whether sovereign funds can truly be considered 'community' funds if their establishment and management are not subject to any meaningful popular control or benefit.

It is appropriate then to ask in what ways the governance of SWFs might be reformed to move sovereign funds closer to an intuitive idea of a community fund. This analysis has immediate relevance for those polities which already have SWFs. But it is also relevant in thinking about what people might seek if they were to establish an SWF. There are signs of stirrings of interest in the UK. The Scottish government has [canvassed the idea](#) of creating an SWF for Scotland based on oil and gas revenues. And a group of Labour MPs [recently suggested](#) using Crown estate to set up a UK SWF. Before going too far down this road, however, it is wise to get a clear sense of what SWFs could be – what they ought to be – if we so wish it.

Here, I focus on three areas of SWF governance that may be democratized to ensure SWFs become funds directly controlled by and benefiting their citizen beneficiaries. Such reforms must target the *management, investment and distribution* of sovereign wealth.

Management

When it comes to exerting control over the management of SWFs as institutions, no existing fund could be fairly characterised as under *community* control. No existing sovereign fund is subject to direct popular control mechanisms. No citizenry elects the management of their SWF, nor directly determines the investment policy and objectives of their fund through referenda or consultative mechanisms. Instead, these tasks are undertaken by governments or external investment professionals to whom the management of SWF assets is delegated. No citizen representatives sit on SWF Boards, nor does any citizenry enjoy the ability to directly monitor the fealty of their fund's Management to the objectives of the SWF. With the exception of SWFs in Norway and New Zealand, most sovereign funds resist extensive public disclosure regarding their investment strategies, asset holdings and risk management approach. This renders citizens dependent on their government representatives, who typically enjoy fuller disclosure on SWF activities, to properly monitor the funds. Accordingly, even if a SWF's sponsoring 'state is [accountable](#) to the people...the [sovereign] Fund [itself] is accountable only to the state' (Backer 2009), resulting in a democratic deficit when it comes to popular control over the management of sovereign funds.

Investment

This lack of direct popular control over SWF management is especially pronounced when it comes to the investment of sovereign wealth. If SWFs are to truly operate as community funds, then arguably citizens must feel that their investment activities respect their collective values. This does not mean that citizens have to directly invest fund assets. But it does mean citizens should influence the ethical parameters of an SWF's investment decisions.

Consider the experience of Norway's SWF, the Government Pension Fund – Global (GPFG). The GPFG is widely considered one of the most transparent and accountable funds in the world. But while it regularly [tops international rankings](#) on these metrics, it has not been free from domestic controversy regarding the extent to which it reflects Norwegians' preferences when investing its underlying assets. In the late 1990s, at the same time as Norway had played a leading role in the finalization of the Ottawa Treaty banning anti-personnel mines, Norway's SWF was investing in a Singaporean company involved in the production of anti-personnel mines. Norwegian citizens began to question what values should be promoted through the investment of fund assets, especially whether such incoherence between its flagship state investment fund and other areas of national policy was acceptable.

In response, the Norwegian Government established an expert committee to clarify the fund's approach to ethical investment and develop guidelines, resulting in the creation of a [Council of Ethics](#) responsible for evaluating compliance with those ethical guidelines. This makes Norway's GPFG one of only two sovereign funds globally - along with New Zealand's Superannuation Fund (NZSF) – to be subject to overarching ethical constraints in their investment mandate. While neither Norway or New Zealand allowed direct citizen input in the formulation of their ethical guidelines, both funds are exemplary insofar as they are subject to some sort of boundaries in profit-seeking that attempt to reflect the values of their sponsoring state.

Distribution

Although sovereign funds primarily exist to generate investment returns, only one sovereign fund – the Alaska Permanent Fund (APF) – distributes a portion of its annual income directly to citizens. This is discussed by Karl Widerquist in another [article](#) in this series. Some other funds, like Singapore's Temasek and GIC allow governments to undertake a discretionary transfer of a portion of SWF investment returns to the general budget for reinvestment in public programmes. Norway permits up to 4% of annual returns to be transferred from the GPFG to the general budget to cover deficits.

But with these exceptions, most funds simply allow investment returns to accrue back to the fund principal. Such a passive approach to the distribution of SWF earnings means that present day citizens do not necessarily experience any direct benefit from their sovereign funds, arguably limiting the extent to which these funds can be thought of as community funds by current generations.

The potential of community funds

Sovereign funds are the closest real-world approximation of a community fund since Meade first articulated this idea in the 1960s. Yet, the current design and operation of sovereign funds offers little basis for their characterisation as such. With some isolated exceptions, citizens are largely quarantined from exerting any direct influence over or enjoying any direct benefit from the management, investment and distribution of 'their' sovereign wealth.

Yet, as more states move towards establishing these funds with forecasts predicting the establishment of a further 20 SWFs in the next five years, there is real potential to reform these institutions so they not only better resemble the original community fund vision, but also help to more generally democratize the ownership and control of assets within domestic economies. As discussion of SWFs starts to emerge in various UK contexts, it is important to put these issues of democratic, community-led management, investment and distribution at the centre of the debate.

Go to [references](#) for this article.

Ownership for All: the Lost Radicalism of the Centre

~ Stuart White

As wages stall or decline, new methods must be found of creating a fair and democratic economy. Key to this must be a shift from redistributing income to redistributing assets.

In 1964 the British economist, [James Meade](#), who went on to receive a Nobel prize, published a short book entitled *Efficiency, Equality and the Ownership of Property*. Meade had worked as an advisor to the 1945-50 Labour government and he was in later years to serve as an advisor to the SDP/Liberal Alliance. His ideas fit into a wider current of radical thinking about property which ran through the centre-left of British politics in the mid- to late-twentieth century. While this current has been somewhat eclipsed in recent years – barely visible in the Liberal Democrats – it is worth retrieving to consider what relevance it may have for the future.

Downward pressure on wages and the wage share?

Meade's 1964 book was motivated immediately by a concern about future technological and economic development. The scenario he contemplated was one in which automation of production reduces the demand for labour: 'This could happen if, in spite of the net accumulation of capital equipment, the new labour required with the new automated machines was actually less than the growth of the labour force plus the labour made redundant by the scrapping of physically worn-out old machinery' (Meade 1964, pp.25-26). If the workers losing their jobs as a result of automation are to get jobs elsewhere this might well require 'an absolute reduction in the real wage.' Even if wage rates are not depressed in absolute terms, the automation process could lead at least to a shift in labour's and capital's shares of output, a higher share going to capital.

If this sounds familiar it is because in the last few years we have started to hear similar concerns voiced from a range of quarters. The radio show Novara has consistently explored, within a Marxist framework, the thesis of 'surplus population' related to a '[secular crisis](#)' of capitalism. Paul Krugman and [others](#) have written about the possible '[rise of the robots](#)' and the implications of this.

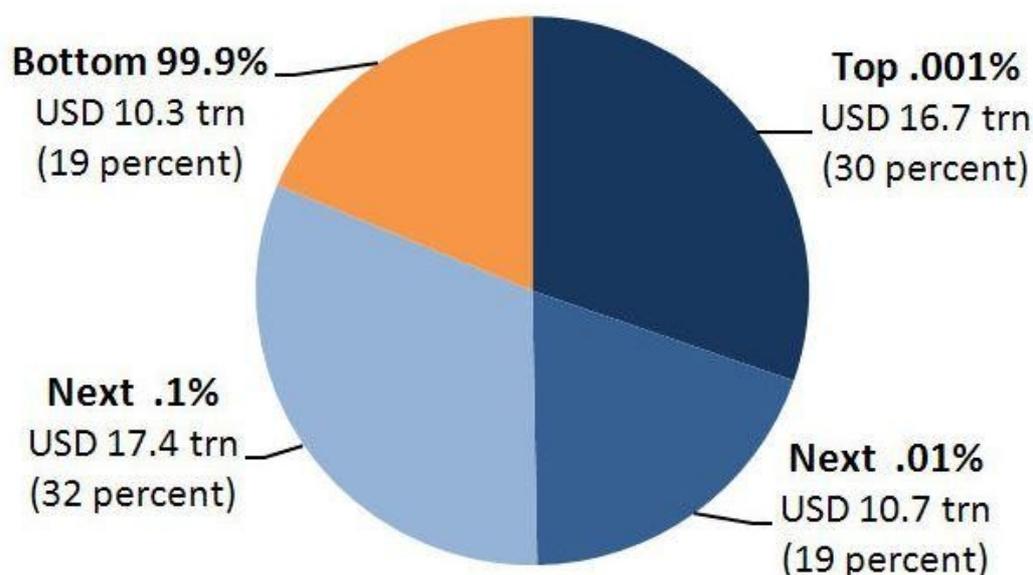
Just a few years ago, some economists were speculating about the possible impact on wages in countries like the UK of the integration of countries such as China and India into the global economy. As Andrew Glyn put it in his 2006 book, *Capitalism Unleashed*:

'...there is the impact of surplus labour in China and elsewhere, significant segments of which will be highly educated but with much lower

wages than in the North. Access to this cheap labour could encourage a much higher level of direct investment from the North, in effect an investment drain away from the rich countries. In effect the capital-labour ratio would decline on a world scale, by one-third or more according to one estimate, as the vast reserves of labour in those countries become inserted into the world economy. The result could be a major fall in the share of wages in the rich countries as workers find their bargaining position weakened' (Glyn 2006, pp.153-154.)

These concerns and arguments have emerged, of course, against a backdrop of real wage stagnation. In the US, median household income barely increased 1979-2005, largely reflecting stagnation in employment income ([Commission on Living Standards 2012](#), p.34). In the UK, real annual pay for those on median wages or below was flat or falling between 2003 and 2008, even though the economy as a whole was growing; and the annual pay of lower paid workers has fallen in real terms since 2008 (see Figure 5 in [this report](#)). A majority of UK workers saw hardly any improvement in annual real pay between 1999/2000 and 2010/11 (Whittaker and Hurrell 2013, p.9).

Global Distribution of Wealth



James S. Henry, 2012

Global distribution. Source: Tax Justice Network

Meade's liberal socialist response

Narratives of wage or wage-share depression due to 'capital-biased technological change' and/or a global increase in the effective supply of labour are of course contested. But for now let's assume – for the sake of argument – that we do face a scenario of this kind in which there are systemic pressures working to depress wages and the wage share. How ought we to respond?

Meade's 1964 book considers four possible responses: 'the trade union state'; 'the welfare state'; 'property-owning democracy'; and 'the socialist state'.

Under the first heading, Meade means any action, whether through collective bargaining or legislation, to maintain a 'minimum real wage'. He is sceptical of this approach on the grounds that it will come at the expense of jobs.

Under the second heading, Meade has in mind tax-transfers which shift resources from the capital-holding rich to the wage-earning poor. Again, he is sceptical that this approach can go far by itself. The tax rates necessary, he thinks, could undermine economic incentives.

It is the latter two responses that Meade advocates. If the return to capital is rising relative to labour, then the way to prevent this leading to growing inequality of income is to democratise claims over wealth – over returns to capital. This can be done in two ways.

First, the state can enact policies to encourage a wider dispersion of privately-held wealth. This is what Meade means by 'property-owning democracy'. Meade himself puts a lot of emphasis on designing an inheritance or accessions tax in a way that will break down large concentrations of wealth and encourage people to give wealth to those who have yet to receive much from this source. One can readily imagine other, complementary policies to help with this goal. In one interesting response to Paul Krugman's article on the 'rise of the robots', Noah Smith [argues](#) along Meade-type lines, suggesting the idea of a universal capital endowment as a right of citizenship. (Back to the [Child Trust Fund?](#))

Second, the state can itself build up a stake in national wealth and distribute this as income to citizens. For much of his career Meade was an advocate of what he termed 'Topsy Turvy Nationalization'. He was not supportive, in general, of the state buying up private sector firms and then trying to manage them. But he did strongly support the creation of a state investment fund. The state would own a portfolio of assets across the economy. The return on these assets could then be returned to the citizenry, e.g., as a uniform social dividend or basic income. One might call this a *Citizens' Trust*.

Meade was ambitious for this idea. In his ideal scenario, he envisaged the community owning 50% of national assets as a Citizens' Trust and using the return to provide a social dividend for all. In Meade's utopia – or what he himself called his 'agathatopia' (a good, if not perfect, place) – a downward shift in the return to labour, e.g., due to automation, has a more limited impact on the overall distribution of incomes. If there is a change in the relative reward of labour and capital, then while one source of an individual's income (wages) falls in relative terms, other sources of their income (the returns on more widely held private and shared public assets) will correspondingly rise.

Before we reject the very idea of a Citizens' Trust as wholly utopian, however, it is worth pausing to note that there is at least one place where something like it exists. As Karl Widerquist has [discussed](#), this is exactly what we see today in Alaska where the Alaska Permanent Fund provides every citizen with an annual payment currently of close to \$1,000.

Widerquist also points out that:

'Alaskans don't have the dividend because they are resource-rich.

They have it because some smart Alaskans took advantage of the opportunity. Common resources are being privatized all the time all over the planet. We could tax privatized resources, but the easiest place to start is *at the moment of privatization*. Every new well that's drilled is an opportunity to assert community control of resources. So is every new mine that's dug, every new reserve that's discovered, every new smokestack that seeks to use the atmosphere as a garbage dump.'

The political context of Meade's ideas

As noted above, Meade's work fits into a wider current of thought on the centre-left of British politics. From the 1930s, the Liberals adopted the slogan of 'Ownership for all'. Under this banner, they argued for things like profit-sharing, co-determination in firms, employee share ownership and reforms to inheritance tax.

As Ben Jackson has argued, ideas of a similar kind were also important to the thinking of the 'revisionist' wing of the Labour party in the post-war period (Jackson 2005). Labour considered the idea of a state investment fund seriously in the late 1950s. The policy discussion document, *Towards Equality* (1956), suggested allowing estate tax to be paid in assets thereby enabling the community as a whole to share in the capital gains from rising asset values. But the idea did not really get much traction, being seen as too capitalistic on the party's left.

In the 1980s, in the milieu of the alliance between the Liberals and the Social Democratic Party (SDP), we see something of a fusion of traditional Liberal and Labour revisionist thinking in this area. Meade was at the centre of this. In 1985 a working group within the SDP set out a proposal to establish a Citizens' Trust by means of capital dilution (requiring firms to issue new shares each year to a public fund as a fraction of their existing shares, e.g., at a rate of 1.5%, to issue 1.5 new shares to the fund for every 100 existing shares).

In 1986 the SDP became (to my knowledge) the first and only UK party ever to adopt the creation of Citizens' Trust as official party policy. The party leadership strongly opposed the idea as 'statist', but the party's ruling body between conferences, the Council for Social Democracy, adopted it over the leadership's opposition.

The idea did not quite disappear when the Liberals and the SDP merged after the 1987 election. In 1989, Paddy Ashdown, leader of the new Liberal Democrat party published a book, *Citizens' Britain*, intended to set out his view of the kind of social and political vision the new party ought to have. Ashdown argued that Thatcherism's claims to be creating a 'people's capitalism' rang hollow. He urged the Liberal Democrats to 'be much more radical about popular share ownership - we could give every citizen a stake in our economy' (Ashdown, 1989, p.129). To this end he advocated a proposal drawn up by Meade for a 'Citizens' Share Ownership Unit Trust'. The ambition was for the fund to hold 10% of the assets of 'all private enterprises over a certain size'. This would make for 'a real, rather than make-believe, citizens' capitalism...' (Ashdown, 1989, p.130).

In the following decade, Gerald Holtham argued that social democrats should seek to establish a 'community fund' based on public investments as a

means of creating an extra source of revenue (Holtham 1999).

A lost perspective?

Looking at British politics today, what has happened to this current of thought?

The Liberal Democrats do not seem to be interested in the kind of systematic thinking offered by Meade. When the previous Labour government introduced the Child Trust Fund, a policy with a clear link to Meade's notion of property-owning democracy, the Liberal Democrats immediately opposed it without ever proposing an alternative.

Today, Labour arguably has moved some way onto Meade's terrain. It accepts that there is a significant problem with wages. Like Meade, it is sceptical that this can be redressed simply through tax-transfers. This is why Labour is now focused on 'predistribution': on approaches that will promote greater equality in pre-tax incomes.

On the other hand, Labour seems currently committed to a model of predistribution that is largely employment- and wage-centred rather than, as with Meade, focused on changing the ownership of capital. Consider, for example, the emphasis in [Ed Miliband's speech](#) this week on living standards: '...markets always have rules. The question is: what do those rules allow? And what do they encourage? Do they encourage companies to create high-skill, high-wage jobs, as part of a race to the top? And provide the support they need to do so? Or do they encourage a race to the bottom of low wages and low skills?'

The emphasis is clear, too, in Duncan Weldon's [recent summary](#) of Labour's emerging economic approach: 'While there is much that can be done through the existing minimum wage, the extension of the living wage, pushing up employment, and (crucially) extending collective bargaining coverage to support living standards, in the longer term the challenge is creating more higher skill, higher wage jobs in the first place...' (For some sceptical remarks on aspects of this kind of policy thinking, see [this](#) and [this](#) piece by Chris Dillow.)

Of course, there could be much more scope today than in Meade's scenario for policies of this sort. Perhaps the depression of wages is not as inevitable as the 'rise of the robots' and globalization narratives suggest, and there are things that can be done, such as [Living Wage initiatives](#), to restore inclusive real wage growth and the wage share.

But even if there is scope for this sort of strategy, there is surely also reason to look at assets and capital. Widening citizens' claims over returns to capital will at least complement a strategy focused on increasing wages, and promises gains to individual freedom and economic fairness in its own right. In this respect I echo Martin O'Neill who has [argued](#) that predistribution should constructively be linked to Meade's notion of property-owning democracy. There is also a link with emerging interest in the nations of the UK in setting up a Sovereign Wealth Fund, [as discussed](#) by Angela Cummine.

So, what would a contemporary and egalitarian property-owning democracy agenda look like?

And, in particular, what about the idea of developing a Citizens' Trust? Is this a good idea? If so, how might we do it?

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I am grateful to Angela Cummine, Joe Guinan, Olly Huitson, Mathew Lawrence, and Martin O'Neill for helpful comments and/or discussion of the themes of this article.

Go to [references](#) for this article.

A Republican Call for a Basic Income

~ Daniel Raventos and Julie Wark

A basic income could be the foundation of a democratic republican economy that frees all citizens from the commodification of labour.

There is no such thing as “the market economy”. Markets come in many varieties and their character is a matter of political choice. Saying that a market is politically shaped is simply to state the obvious, namely that any economic market is first political and then economic. A politics-free market does not exist in the real world outside of standard economics text-books or, paradoxically perhaps, in the prevarication of politicians who deny its political component precisely for *political* reasons.

So, if markets are irreducibly political, we need to ask what values should guide their political construction. The [Democratic Wealth series](#) has given much attention to ‘republicanism’ as a philosophical tradition which might serve as a source of guidance (see, for example, these contributions from [Alex Gourevitch](#), [José Luis Martí](#) and [Philip Pettit](#)).

But *which* republicanism?

Republicanism is often spoken of as if it were a homogenous tradition of political philosophy and thought. In fact, we would identify three kinds of republicanism:

- historical democratic republicanism
- historical oligarchic republicanism
- academic neorepublicanism.^[1]

In the Greek and Roman traditions, the names of [Ephialtes](#), [Pericles](#), [Protagoras](#) and [Democritus](#) are associated with the democratic-plebeian strand, while the anti-democratic or oligarchic version is headed by [Aristotle](#) and [Cicero](#). These variants also appear in the modern world. The democratic form aspires to the universalisation of republican freedom which, true to the etymological roots of “republic” in *res publica*, the *public* (from Old Latin *poplicus*, pertaining to the people) interest automatically entails the inclusion of all the people. The antidemocratic type, just as it has always done in one form or another, effectively excludes propertyless people from civil and political life, leaving the monopoly of power in the hands of an ever-shrinking circle of rich owners. In their different ways, Marsiglio de Padua, Machiavelli, John Locke, Rousseau, Kant, Adam Smith, Jefferson, Madison and Marx are all names associated with the modern republican renaissance.

The democratic republican tradition goes back to Athens after 461 BCE with the triumph of a revolutionary democratic programme led by the poor (free men) of the polis. This programme can be summed up in three main points:

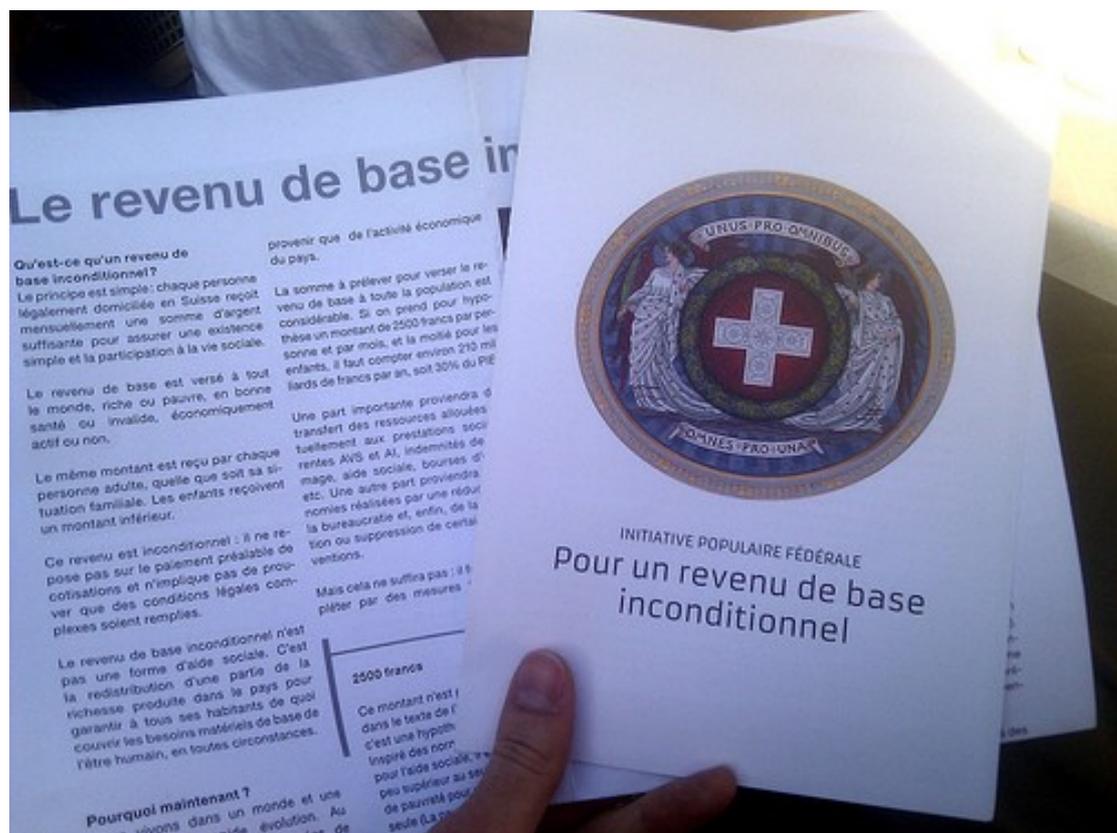
- 1) land redistribution
- 2) suppression of debt slavery
- 3) universal suffrage as well as sufficient remuneration (*misthon*) for those holding public office.

For a time, this Greek democracy also conceded equal freedom of speech in the agora to women and slaves. Democracy, *demokratia*, meant government by the *demos*, the common people.

In contrast, the oligarchic and hence antidemocratic republican tradition refused, for different reasons, to universalise property. Both democratic and antidemocratic forms saw “property” (the means of existence) as being necessary for freedom, but antidemocrats excluded non-proprietors from citizenship, while democrats asserted that the republic had to introduce measures that ensured that all citizens were materially independent.

Finally, the third type of republicanism is what we could call modern academic neorepublicanism – represented *inter alia* by Quentin Skinner, J. G. A. Pocock and, perhaps especially, Philip Pettit. Pettit’s work (see [his contribution](#) to the Democratic Wealth series) has been influential in making known to a wider public the basic aspects of republicanism. However, it tends to blur the relationship between property and republican freedom, and between property and democracy, focusing instead on absence of domination and arbitrary interference by other individuals and groups, including the State. Herein lies a crucial difference from historical republicanism, for which the basic source of vulnerability and arbitrary interference is the absence of material independence conferred by property. If the essentially material nature of the historic role of property and the capacity of property owners to dominate are overlooked, then the notion of “domination” is watered down and, most importantly, stripped of its institutional nature.

The role of Basic Income



Leaflet for the Swiss citizen’s initiative for an Unconditional Basic Income. Image: Flickr/stanjourdan

Republican authors as different as Aristotle and Robespierre or Cicero

and Kant, share at least two convictions:

1) Any person who does not have the “right of existence” guaranteed because of a lack of property is not a citizen in his or her own right – *sui iuris* – but lives at the mercy of others. This person is not capable of cultivating or even exercising civic virtue because this dependence on another party subjects him or her to an alien regime – *alieni iuris* – thus making of him or her, to all intents and purposes, an “alien”.

2) Republican freedom can extend to many (the plebeian democracy advocated by democratic republicans) or few (the plutocratic form of the oligarchic republicans), but it is always based on property and the material independence deriving from that. This freedom cannot be sustained if property ownership is so unequal and so polarised in its distribution that only a handful of individuals is in a position to challenge the republic. This elite would successfully overcome any opposition from the citizenry so as to impose its own conception of the public good.

It is clear that for a democratic republican market to function, the problem of unequally distributed property must be overcome. [Basic Income](#) is one measure that could help meet this difficulty. As a guaranteed, unconditional, regular payment to every citizen – ideally above the poverty threshold – Basic Income could become a foundation for an economic policy seeking to guarantee the material existence of the entire population. (See [this article](#), which explores the practical application of a citizen’s income in Alaska. However, in our view, this is not an ideal example as we favour Basic Income based on tax reform which would represent distribution of wealth from the very rich to the other members of the society, which is not the case with Alaska.) Basic Income is a *political* measure that would have many *political* (not to mention social, cultural and ethical) ramifications. We shall focus here on two points: (1) the bargaining power of the working class and (2) the decommodification of labour.

In capitalist economies, people who do not own land or the means of production must sell their labour power on the job market to the proprietor of land or of other means of production – otherwise known as the employer. This situation has been described as the commodification of labour power. Some workers may have their means of subsistence covered outside the market, thanks to some or other mechanism of social provision. In this case, their labour power is decommodified. We might therefore speak of different degrees of commodification (or decommodification) of labour power. Basic Income would have a substantial effect on this as long as it provides at least the quantity that would permit “the freedom not to be employed”.^[2]

Moreover, Basic Income would enhance bargaining power for workers *vis-à-vis* employers.^[3] With the security guaranteed by a Basic Income, no worker would be obliged to accept a job however bad the conditions might be. If today’s disgruntled workers take negotiations to breaking point, they do so knowing full well that proprietors can replace them by machines or by other unemployed workers who fill the ranks of the so-called industrial reserve army. They enter negotiations knowing that their subsistence directly and almost exclusively depends on the salary paid by the individuals on the other side of the table. The labour relationship under capitalism is extremely asymmetrical, and much more so in the present economic crisis. The protection afforded by a regularly paid Basic Income would enable many

workers to reject undesirable situations convincingly and effectively. It would represent, in the case of a strike, a kind of unconditional and inexhaustible resistance fund. The resulting balance of power would allow workers to consider engaging in alternative forms of work that would permit them to aspire to higher levels of personal fulfilment.

In an alternative democratic republic, power must rest with the people. It is in the *public* (republican) interest to guarantee and protect institutional mechanisms that seek to ensure a well-balanced society in which economic, political and social democracy is enjoyed by everyone. Basic Income is one such mechanism. More and more social movements and political parties are now understanding that a Basic Income could help to combat some of the most socially pernicious effects of the crisis and stimulate the economy from the base. Now, with the second anniversary of 15-M (15 May democracy movement in Spain), which in 2011 brought hundreds of thousands of people out on to the streets of many Catalan and Spanish cities, the demonstrations are being repeated and six citizens' claims have been made. One of them is Basic Income. Looking to the future, a commitment to a Basic Income could eventually become an important component of a political – republican – shaping of markets that would guarantee the means of existence of the whole population.

The Alaska Model: a Citizen's Income in Practice

~ *Karl Widerquist*

Basic income for all citizens is often seen as a utopian dream. But in Alaska something like it has existed for more than thirty years. Here are six lessons that the rest of the world should learn from the 'Alaska Dividend'.

Basic income is a regular unconditional cash grant paid to all citizens without any means test or work requirement. It's often dismissed as a utopian idea. However, a basic income, or something very close to it, exists today in Alaska. It's called the [Permanent Fund Dividend](#) (PFD) or sometimes 'the Alaska Dividend'.

The PFD has been paying annual dividends to Alaskans since 1982 with no conditions except citizenship, residency, and the willingness to fill out a form. After following the Alaska Dividend since 1999, I want to share six lessons that supporters of progressive economic policy should learn from what I call 'the Alaska model' – but first some basic background.

In 1956, Alaska ratified a constitution recognizing joint ownership of unoccupied land and natural resources. In 1967, North America's largest oil reserve was discovered in state owned areas on Alaska's North Slope. In 1976, a state referendum created the [Alaska Permanent Fund](#) (APF), a portfolio of diversified assets, into which the government would invest a small part of the state's oil revenue each year as a way to turn the temporary stream of oil money into permanent wealth. Back then, the state had no plan for what to do with the APF. In 1982, the state government finally decided to distribute part of the returns from that fund as a yearly dividend, and the Alaska model was born. The APF continues to rise with yearly deposits from oil revenue, and it goes up and down with the financial markets.

The PFD is derived from the returns of the APF's investments. With some effort to smooth out the ups and downs, the dividend fluctuates with the markets. In 2008, the dividend (plus a onetime supplement of \$1,200) reached a high of \$3,269, which comes to \$16,345 for a family of five. After the financial meltdown of 2008, the dividend has declined, reaching \$878 per year in 2012. That's still \$4,390 for a family of five. Now that world markets have come back, the APF recently reached a new high of \$46 billion. Higher dividends are likely to follow in a few years.



Seabulk Arctic Oil Tanker. Image: Demotix/Dale Stockton

The APF and PFD are not perfectly designed, but they are an important and innovative example of democratic wealth existing in the world today. The APF is community-owned wealth invested in the private economy. The PFD converts some of the returns to that wealth into democratically distributed income. The Alaska model is something from which we can learn, and on which we can improve. An unconditional cash dividend of \$4,000 to \$16,000 per year for a family of five is significant for everyone except for the wealthiest people, and it is extremely significant for people living at the margins. It has helped Alaska maintain one of the [lowest poverty rates](#) in the United States. It has helped Alaska become one of the [most economically equal of all 50 states](#). And during the 1990s and 2000s it helped Alaska become the only US state in which equality rose rather than fell (for more on this, see this [book on the Alaska model](#) I co-edited with Michael W. Howard). Alaska is doing something right, and the dividend is a part of it.

Here are six lessons from the Alaska model.

1. Resource dividends work and they're popular

At a time when conditional social policies are under attack across the industrialized world, the Alaska Dividend continues to be extremely popular. It is sometimes called “the third rail of Alaska politics,” implying any politician who touches it dies. In 1999, a ballot initiative proposed diverting funds from the APF was rejected by more than 80 per cent of Alaska voters. Think about that. It's hard to get 80 per cent of people to vote the same way on anything. But here we have 80 per cent of Alaskans voting for a policy that fights poverty and promotes equality.

2. You don't have to be resource rich to have a resource

dividend

It's easy to dismiss anything connected with Alaskan oil as an aberration, something possible only because of Alaska's enormous windfall. But there are three reasons why nearly any political community can do what Alaska has done:

First, Alaska isn't unusually rich. Oil transformed it from one of the poorer to one of the wealthier U.S. states, but Alaska is only the tenth richest of the states with a per capita GDP of about \$42,000—only \$2,500 higher than the national average. Alaska has no greater financial means than many other states and nations.

Second, the entire dividend is financed by only a small fraction of Alaska's resource wealth. The APF is supported almost exclusively by taxes on a single resource: oil. Alaska's taxes on oil are very low by international standards. And the state devotes only a small portion of that revenue to the APF. If Alaska devoted, say half of its potential resource revenue to the APF, the PFD could easily be five to ten times what it is now.

Third, every country, state, and region has resources—extremely valuable resources—but we don't think of them the way we do of gas and oil because we're so used to governments giving them away to corporations who sell them back at a profit and pay very little in taxes. [Recent estimates by Gary Flomenhoft](#) show that a resource-poor state, Vermont, could support a dividend two- to five-times larger than the PFD, if it made judicious use of resource taxes. The most resource-poor countries in the world are probably Hong Kong and Singapore, where millions of people are crowded together on a little island, and they have to import almost all their consumption goods. But these countries have fabulously valuable real estate. I wouldn't be surprised if a tax on Singapore's land could support something much larger than the Alaska Dividend. For the most part, the difference between being 'resource rich' and 'resource poor' is the difference between having the kind of resources states usually tax and the kind they usually give away for free.



Singapore's land is a rich resource. Image: Demotix / Mohdfyrol Marican Aziz Anwar

3. Look for opportunities

Alaskans don't have the dividend because they are resource-rich. They have it because some smart Alaskans took advantage of the opportunity. Common resources are being privatized all the time all over the planet. We could tax privatized resources, but the easiest place to start is *at the moment of privatization*. Every new well that's drilled is an opportunity to assert community control of resources. So is every new mine that's dug, every new reserve that's discovered, every new smokestack that seeks to use the atmosphere as a garbage dump.

Less obvious opportunities are just as real. The US government recently gave away a huge portion of the broadcast spectrum to private companies for digital television broadcasting. If they had auctioned off leases to the highest bidder, they would have created a stream of income worth billions of dollars every year as long as broadcast exists. That was an enormous lost opportunity. Today, increased awareness about the need to do something about global warming is another opportunity. Two strategies currently being discussed, ['tax and dividend'](#) and ['cap and dividend.'](#) would make polluters pay for the damage they do to the environment and return the proceeds to everyone as a dividend. Opportunities are all around, if we look for them.

4. Think like an owner. Think like a monopolist. Think like Johnny Carson

There is a danger in the Alaska model. If everybody gets paid when we privatize resources, they might want to privatize more resources and allow

more damage to the environment. The solution to this problem is that once the community demands fees for the use of its resources, it asserts *ownership* of those resources. Once members of the community begin to think of themselves as the owners of their environment, new opportunities open up. The community is the owner; government is the broker; business is the hired help. The owner sets the terms of rental. They can allow private exploitation of their property only with strong environmental protections attached. The right to compensation is only one of the rights of ownership—along with it comes the right to manage, regulate, and restrict access. Receiving payment for resources helps the members of the community think of themselves as joint owners of the environment with the power to insist that tenants be good stewards of the environment.

Once members of the community start to think of themselves as owners of the community's resources, they need to realize that, as a group, they have a monopoly over those resources. Monopolists don't sell all they can at bargain prices. They restrict supply, selling less to get higher prices. Once we think about maximizing profit from resources, big corporations can forget about bargain deals.

But we should not think like just any monopolist. We should think like [Johnny Carson](#). Who? In the 1970s, Johnny Carson hosted the most popular talk show on American television. Because he could have gone to any network and brought his audience with him, he demanded and got a salary that made him the highest paid entertainer in the world, but he didn't stop there. He gradually demanded more vacation time, eventually getting something like four months per year. Then, he decided to reduce his weekly workload by one day. So he worked four days a week, eight months a year, and he was still the highest paid entertainer in the world. Johnny Carson realized that his time was valuable not only when sold, but also when unsold.

As monopoly owners of the commons who think of our environment the way Johnny Carson thought of his time, we could have more money coming in while we also secure larger parks, more nature reserves, less pollution, and better resource management.

5. Build a constituency

The feeling of shared ownership is one of the reasons resource dividends tend to be so popular once they're in place. They build a large constituency who will defend the policy when attacked. Talking to Alaskans reveals a greater sense of ownership of Alaska's oil reserves than of other state property and a greater sense of ownership of the APF than of the state's oil reserves.

Another way to build a constituency is through universal rather than targeted policies. It is easy for politicians to single out the recipients of targeted programs, because they are a relatively small and marginalized group – but a dividend, large enough to make a difference for the majority of the population, is much safer from attack.

A third way to build a constituency is to make policy significant. Insignificant gimmicky programs might be easier to pass, but they are also easier to cut when a less favorable administration comes into power. If a

politician proposed cutting the Alaska Dividend, all Alaskans would face losing \$1,000–\$2,000 a year for the rest of their lives. Whether that politician was promising a tax cut or some other spending program, they would put a universal constituency of Alaskans in the position where they would sacrifice something very significant for the uncertainty that the replacement will be delivered. Alaskans care about the PFD because it makes a difference in their lives.

6. Avoid creating an opposition

Just as some policies create larger constituencies than others, some create greater opposition than others. Policies, such as the minimum wage and rent control, put most of their burden on one, specific, easily identifiable group who will probably fight the program as long as it exists. Even if financed by broad-based income tax, targeted redistribution can create an opposition if a significant number of taxpayers see it as something they're unlikely to need.

The APF and PFD have virtually no opposition. No one has reason to feel burdened by their creation and continued existence. It's just a pile of money that the state happens to own. No one feels infringed by it. Of course, the APF is created and continually enlarged by taxes on the oil industry, and they do try to lower their tax burden as much as they can. But they have much harder time making complaint to the public. Opposing oil royalties is like complaining that they have to pay a price for steel, trucks, or ships. It doesn't make sense to complain about what is obviously an unavoidable cost of doing business. That's just the way of the world. In Alaska, Norway, and some other places, the state owns the oil fields. Anyone who wants to drill must pay. And now *that's* the way of the world. A good solid policy can change the way the world works.

This piece draws heavily on the lessons discussed in [Alaska's Permanent Fund Dividend: Examining its Suitability as a Model](#) and [Exporting the Alaska Model: Adapting the Permanent Fund Dividend for Reform around the World](#), both of which are coedited by [Michael Howard](#).

Republicanism and tax justice

~ *David Owen*

Republican theory offers the principles needed to work towards a tax system built for the global common good.

The republican commitment to the view that people can be at liberty only when they are secure – and equally secure – from the exercise of arbitrary power, has significant implications for the ‘domestic’ political economy of states. But it also bears on issues of what we may broadly call ‘transnational’ political economy. That is, that the decisions of actors beyond a democratic state may have important consequences for that state’s establishment, capability and even civic disposition.

For classical republicans, the root of popular sovereignty is not democratic rule but freedom from ‘alien’ rule. This is, indeed, how the republican concept of freedom emerged in ancient Greece. The political prospect of rule by Persians motivated a focus on the value of being a free people who rule their own city. The most obvious threat here is being subject to the dominion of another people (direct imperial rule) but as republicanism widens its view of domination from the paradigmatic legal form of the master-slave relation, so ‘alien rule’ comes to encompass other possibilities such as political or economic dependency (indirect imperialism).

Republicanism, then, is concerned to structure international relations between states, for example, bi- or multi- lateral rules governing trade, in ways that obstruct the formation of relations of domination between states. But it is also possible for a state to adopt policies that undermine the capacity and disposition of other states to engage in republican self-government *without* exercising political or economic domination over the states in question. An example of this is tax.

Tax as a topic is useful in another respect in that it runs across classical and commercial republicanism, as presented in Jessica Kimpell’s contribution to this collection. While commercial republicans like Adam Smith may have shifted the locus of virtue in certain respects, they were still concerned with citizens exhibiting a commitment to the common good in the form of paying their taxes. Thus, Smith gave the first formulation of principles to guide taxation in *The Wealth of Nations*:

I. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state. (EQUITY)

II. The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. (CERTAINTY)

III. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it. (CONVENIENCE)

IV. Every tax ought to be contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state. (EFFICIENCY)

These remain important principles. For current purposes they help to demonstrate that commercial republicans cannot fully avoid the concern with corruption – the privileging of private interests over the common good – that exercised the classical republican tradition. Republicans of all stripes are well aware that a civic commitment to the common good is a potentially fragile political achievement that requires buttressing through institutional and cultural practices.

Secrecy jurisdictions (aka tax havens) may be characterised as jurisdictions that design regulations for use by people who do not reside within the jurisdiction, in the *full knowledge* that these regulations undermine the capacity of other political authorities to regulate the conduct of their citizenry. Furthermore, they support this process through the construction of a veil of secrecy. Essentially, tax havens threaten the republican civic achievement: First, by providing a mechanism through which some citizens can evade taxation. Second, by eroding public confidence in the equity and certainty of tax collection.



Luxembourg operates as a tax haven. Image: Demotix/Serge Mouraret

Smith's tax principles can be equally applied to corporations operating within the state in respect of the revenues that they raise in virtue of being able to trade in the state in question. If anything, tax havens disable the conditions of good corporate citizenship even more profoundly than they do in the case of natural persons. There is every reason, then, to think that Smith would applaud the [Tax Justice Network's stress on transparency](#):

“We want companies to be made more open about their financial affairs and to publish data on every country where they operate. We want the finances of wealthy individuals to be visible to their tax authorities, so they pay their fair share of tax. Markets work better, and companies are more accountable, in an environment of transparency. Secrecy hinders criminal investigation and fosters criminality and corruption such as insider trading, market rigging, tax evasion, fraud, embezzlement, bribery, the illicit funding of political parties – and much more. We want to expand the commonly accepted definitions of corruption so that they no longer focus only on narrow aspects of the problem such as bribery. We must bring tax, tax avoidance and tax evasion decisively into the corruption debate.”

Such an expansion is just what a republican outlook entails in terms of sustaining an orientation to the common good. This issue of tax and secrecy jurisdictions also matters to republicanism for another reason: the operation of tax havens has the effect of shifting the economic burdens of civic life from capital onto labour and supporting radical inequalities in wealth without the state being able effectively to regulate these economic dimensions of equality. This, in turn, further corrupts politics in the affected states not only by privileging those individuals and corporations with access to extra-territorially held resources but also by skewing the structure of economic relations.

What should republicans do in the face of this issue? In general, a federation of republican states would outlaw secrecy jurisdictions (and seek to support small island economies that have become dependent on this practice in other ways) but, in the first instance, there are three more immediate steps that can be taken.

The first, which is already occurring with some success, is to put pressure on tax havens to cease their secrecy so that those who utilise them can be made visible to the relevant authorities.

The second is to enact a global [Tobin tax](#) on all financial transfers to secrecy jurisdictions.

The third is to adopt a general anti-avoidance measure of the kind [formulated by Richard Murphy](#), and which was tabled in debate on the Finance Bill 2009 by John Pugh MP and Michael Meacher MP. It runs as follows:

“1) If when determining the liability of a person to taxation, duty or similar charge due under statute in the UK it shall be established that a step or steps have been included in a transaction giving rise to that liability or to any claim for an allowance, deduction or relief, with such steps having been included for the sole or one of the main purposes of securing a reduction in that liability to taxation, duty or similar charge with no other material economic purpose for the inclusion of such a step being capable of demonstration by the taxpayer, then subject to the sole exception that the step or steps in question are specifically permitted under the term of any legislation promoted for the specific purpose of permitting such use, such step or steps shall be ignored when calculating the resulting liability to taxation, duty or similar charge.

2) In the interpretation of this provision a construction that would promote the purpose or object underlying the provision shall be preferred to a

construction that would not promote that purpose or object”.

A republican outlook on political economy provides a clear and distinctive justification for adopting such measures. The tax justice movement often appeals to a basic norm of fairness in advocating tax reform. Republican political economy deepens this appeal by focusing attention on that fact that tax justice is integral to blocking sources of political and economic domination that disfigure and distort the conditions of civic life.

Toward a Generative Economy

~ *Marjorie Kelly*

What kind of economy is consistent with living inside a living being? This question is being answered in experiments across the globe, from community forests in Mexico to "industrial symbiosis" in Denmark.

"What kind of economy is consistent with living inside a living being?" This was a question posed under a leafy canopy, deep in the woods of southern England, not far from [Schumacher College](#) where I'd come as a teacher. I stood listening with a group of students as resident ecologist Stephan Harding asked what for me would become a pivotal question – the only question there is, really, as we negotiate the turn from the industrial age into a new age of civilization.

I'd come to Schumacher to share my learnings from four years as cofounder of [Corporation 20/20](#) at [Tellus Institute](#) in Boston, where I'd helped lead hundreds of experts in business, law, government, labor, and civil society to explore a critical question: *How could corporations be redesigned to incorporate social and ecological aims as deeply as financial aims?* Over 20 years as co-founder and publisher of [Business Ethics](#) magazine, I'd seen how corporations and financial markets had come to be the dominant institutions of society, how their profit-maximizing operating system had become the operating system of the planet. That design lay at the root of many major ills facing our society. But Stephan's talk helped me understand why redesigning corporations did not quite hit the mark as the solution: *You don't start with the corporation and ask how to redesign it. You start with life, with human life and the life of the planet, and ask, how do we generate the conditions for life's flourishing?*

If you stand inside a large corporation and ask how to make a sustainable economy, the conversation has to fit itself into the frame of profit maximization. ("Here's how you can make more money through sustainability practices.") Asking corporations to change their fundamental frame is like asking a bear to change its DNA and become a swan.

A better place to start – as the founding generation of America did – is by articulating truths we hold to be self-evident. That's what Stephan did in the forest, saying simply: *"A thing is right when it enhances the stability and beauty of the total ecosystem. It is wrong when it damages it."*^[1] The sustainability of the larger system comes first. Everything else must fit itself within *that frame*.

From maximizing profits to sustaining life

Central to the mandate of profit maximization is the imperative to grow – and that growth imperative threatens the earth. What keeps that mandate in overdrive is the Wall Street demand for rising profits and stock price.

Corporations, and the capital markets where their ownership shares trade, are the internal combustion engine of the capitalist economy. These organizational systems have become the main driving force of ecological systems.

In the short run, profit-maximizing companies can help in a rapid transition to a greener economy. But that transition might represent a brief moment in time. If civilization and planetary ecosystems are still functioning well 50 years from now (not a small if), what about the next 50 years? And the next 100 or 1,000 years beyond that? What kind of economy will be suited for ongoing life inside the living earth? Will it be an economy dominated by massive corporations intent on earnings growth? That doesn't seem likely. In the long view, the question turns itself about: *Can we sustain a low-growth or no-growth economy indefinitely without changing dominant ownership designs?*

That seems unlikely. Probably impossible. How do we make the turn? What are the alternatives to *extractive design*, that seeking of endless extraction of financial wealth? Can we design economic architectures that are self-organized around serving the needs of life?

Democratic ownership

After my time in England, this question set me on a quest, and I was heartened to find democratic ownership alternatives emerging in unsung, disconnected experiments across the globe. I studied employee ownership, tribal ownership, municipal ownership, commons ownership, social enterprise, community land trusts, and other models. If industrial-age ownership represents a monoculture model, emerging designs are rich in biodiversity. Yet they embody a coherent school of design – a common form of organization that brings the living concerns of the human and ecological communities into the world of property rights and economic power. These various models represent a single family of democratic forms of ownership, with living purposes at their core. Together, they potentially form the foundation for a *generative economy*: a living economy that is designed to generate the conditions for life to thrive, an economy with a built-in tendency to be socially fair and ecologically sustainable.

In ownership design, five essential patterns work together to create either extractive or generative design: purpose, membership, governance, capital, and networks. Extractive ownership has a Financial Purpose: maximizing profits. Generative ownership has a Living Purpose: creating the conditions for life. While corporations today have Absentee Membership, with owners disconnected from the life of enterprise, generative ownership has Rooted Membership, with ownership held in human hands. While extractive ownership involves Governance by Markets, with control by capital markets on autopilot, generative designs have Mission-Controlled Governance, with control by those focused on social mission. While extractive investments involve Casino Finance, alternative approaches involve Stakeholder Finance, where capital becomes a partner rather than a master. Instead of Commodity Networks, where goods are traded based solely on price, generative economic relations are supported by Ethical Networks, which offer collective support for social and ecological norms.

I saw the power of Stakeholder Finance in the wind guilds of Denmark, groups of small investors who joined together to fund wind farms. (See this [2004 report](#) from the UK's Department of Trade and Industry.) Those wind guilds jumpstarted the wind industry in Denmark, where one-fifth of the nation's electric power today comes from wind, more than any other nation.

I saw the power of Living Purpose and Rooted Membership in the [community forests of Mexico](#), where control over forests has often been granted to indigenous tribal peoples – like the Zapotec Indians of Ixtlan de Juarez in southern Mexico. At Ixtlan, problems of deforestation and illegal logging have become relatively unknown. Community members have incentive to be stewards, because forest enterprises employ hundreds of people harvesting timber, making furniture, and caring for the forest. These are living forests, communities of trees and humans, where the purpose is to live well together (see also this and [this](#) report).

I again saw the power of Rooted Membership – combined with Mission-Controlled Governance – on Martha's Vineyard, off the coast of Massachusetts, where I visited [South Mountain Company](#), an employee-owned firm specializing in sustainable design and construction. It's a consciously post-growth company. After the crash of 2008, it opted to shrink, in the most humane way possible. It could make that choice because it was owned and governed not by absentee owners, but by employees. [\[iii\]](#)



[South Mountain Company Properties](#)

On a larger scale, I saw Mission-Controlled Governance in Denmark, where the major pharmaceutical [Novo Nordisk](#) produces 40 percent of the world's insulin in Kalundborg. That town is home to a famed example of “industrial symbiosis,” where waste from making insulin is used by farmers as food for pigs, or for fertilizer. That ecological design – stable for decades – is possible because governance of this major, publicly traded company is also stable. The company is legally controlled by a foundation, intent on the Living

Purpose of defeating diabetes.

What makes generative designs a single family are the living purposes at their core, their democratic frame of ownership, and the beneficial outcomes they tend to generate. More research remains to be done, but there is evidence that these models tend to create broad benefits, and to remain resilient in crisis. We've seen this, for example, in the success of the state-owned [Bank of North Dakota](#) in the 2008 crisis, which led more than a dozen U.S. states to pursue similar models. We've seen it in the resilience and responsible behavior of U.S. credit unions, which tended not to create toxic mortgages, and required few bailouts.

In the UK, this same lesson was confirmed with the experience of building societies, which are member-owned banking organizations. In the 1980s and 1990s, many of these converted to traditional bank ownership, but as the New Economics Foundation [reported](#), after the banking crisis *not a single one of these converted institutions was left standing as an independent bank*. They had all been absorbed into larger banks, or gotten into trouble and had to be rescued; in the most spectacular case, Northern Rock had to be nationalized and kept afloat by tens of billions of pounds in public money.



Novo Nordisk allows for “industrial symbiosis”

Beyond the financial sector, we've seen the success of generative design in the fact that workers at firms with employee stock ownership plans in the U.S. enjoy 2.5 times the retirement assets of comparable employees at other firms. [\[iii\]](#) And we've seen it in the fact that the Basque region of Spain – home to the massive [Mondragon cooperative](#) – has recently seen substantially lower unemployment than the country as a whole.

A pincer strategy

To move from isolated examples toward a fully generative economy, we may need a global movement of citizens, investors, and businesses, both profit and nonprofit, working together to create a pincer strategy – one arm aimed at reforming existing large companies, another aimed at promoting generative alternatives. We may need different designs in different sectors; generative private ownership may be appropriate for producing goods and services, for example, while commons ownership is better suited for natural resources. Government might incentivize and ultimately require a phase-in of generative ownership. At some point society must redesign the operating system of major corporations; otherwise alternative designs may remain marginal, or face absorption. Yet forcing all major corporations to change their core purpose may be the wrong place to begin. Advancing generative alternatives could be a more likely place to win early successes – laying the ground for bigger wins in the future.

Through working for democratic ownership designs, we can advance the knowledge needed to create a truly generative economy, one that might have a built-in tendency to be socially fair and ecologically sustainable – an economy that would at last be consistent with living inside a living being.

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Go to [references](#) for this article.

Radical Virtues

~ Alex Gourevitch

Is there a radical politics of virtue? One that can say anything useful to our own society? Yes, and it comes from an unexpected source.

In today's commercial republics, the "commercial" and the "republican" seem to be at odds. Commerce generates [vast inequalities of wealth](#); the labor market generates [overwork, underemployment, and precariousness](#); citizens are subject to myriad forms of [coercion, surveillance and discipline](#). Yet a republic is supposed to uphold the freedom and equality of its citizens. Worse yet, the tradition of 'republican' political thinking seems to have only extreme answers available to it. In the name of protecting the virtue of its citizens, republicanism has often been hostile to the very idea of commerce. The production and accumulation of wealth, the enjoyment of luxury and leisure, are seen as corrupting private pursuits, drawing citizens away from public life and fracturing any sense of shared commitment to equality and the common good. The only solution is radical regulation. Impose severe restrictions on the production and consumption of wealth, eliminate wealth and poverty, and impose relative uniformity in economic activity. This was the classical republican solution, and neo-republicans have not done much to dislodge this view. As [Jessica Kimpell](#) put it in a previous post, "it would seem that contemporary thinkers would be even more vulnerable to this problem than classical republicans."

The sticking point here is how to think about the republican concept of virtue. Not only does it seem that modern industry is at odds with classical virtue, but the classical idea of a virtuous citizenry seems to fit uneasily with modern ideas about the equality of persons. Classically, it was not just that one needed to own property to be considered adequately independent to exercise one's own political judgment, but there was a hierarchy of occupations. Wage-workers, propertyless peasants, domestics, and poor artisans were assumed to be too dependent to participate fully in politics; small farmers and artisans deserved political rights but should defer to their betters in most political decisions – the truly virtuous wealthy landowners. The latter had not just the wealth but the time to participate in political life. What could possibly be attractive about this steeply hierarchical vision of political citizenship?

Nothing – until it was appropriated by radical workers in the nineteenth century. Where the language of virtue had once hinged on social assumptions regarding stability, inequality, economic stagnation, and modesty, it was gradually transformed into a language of social protest and democratic transformation. I have written about the egalitarian social vision, including collective control over property and work, in an [earlier post](#) for OpenDemocracy. What interests us here is the way in which the language of virtue was used not just to criticize economic injustice but to argue that those who suffered from it were the most promising agents of change.

I know the American example best, though others have pointed to [similar developments](#) on the continent. Beginning with the American revolution, artisans and then wage-laborers began to invert the familiar story about virtue. It was not the already independent, property-owning class that was the most virtuous, but rather the dependent class. The reason was that those who lived off the profits of ownership were in fact living off other people's labor. The wealthy therefore had an interest in maintaining workers in a condition of economic dependence, by depriving them of access to land, tools and credit. As William Manning, a small farmer activated by the usurpations of the Federalists in the 1780s and 90s, put it the few are always trying to keep "farmers, mechanicks, & labourers" in "a state of dependance on the few." Since the propertied had an interest in preserving and extending the existing inequalities of wealth, not just income, "the few are ever hankering & striving after Monerca and Aristocracy." Their economic interests made them tend towards aristocratic rather than republican attitudes and policies. The wealthy were thus least likely to exercise the virtues of public concern and equal respect that a republic required. Indeed, as a leading figure in the workingmen's parties of the 1820s and 30s put it, "history does not furnish an instance wherein the depository of power voluntarily abrogated its prerogative, or the oppressor relinquished his advantages in favour of the oppressed."

On the other hand, the poor, dependent classes who suffered from inequality and economic domination had a self-interest in republican equality. If everyone possessed some control over property and their own labor, then each could enjoy independence without needing to exploit anyone else. It was therefore the economically dependent who were most likely to develop republican virtues, and be the agents for realizing a cooperative commonwealth. William Heighton, founder of the Philadelphia Working Man's Party in 1828, said that workers "are beginning to discover, that from themselves alone, all their help must come." This thought recurred throughout the century, as we find it sixty years later in the Knights of Labor's central paper: "the workers can hope for nothing favorable at the hands of governments, nor of politicians, nor of statesmen. They must take their own affairs into their own hands and emancipate themselves." As they developed their ideas about how to become the agents of their own emancipation, they transformed republican thinking about virtue itself.

For instance, classically, it was the role of the state to coercively inculcate virtue. But labor republicans rejected this idea on the grounds that the actually existing state was itself corrupt and untrustworthy. They even had doubts about the sufficiency of public education and a formally free press. Public education was, on its own, inadequate, and a formally free press was easily influenced by the wealthy. The natural tendency of existing sources of information and education was to "foster prejudices rather than cultivate intelligence." Instead, labor republicans sought to create their own parallel institutions, like lecture circuits, reading rooms, and educational programs, as well as their own intellectual and cultural products, like labor presses, pamphlets, books, and public speeches. As one prominent mid-century labor republican put it, "We must erect our own halls wherein we can establish our own libraries, reading- and lecture-rooms, under the control and management of our own men; and we must have time to use them." Labor republicans, in

other words, began from the concrete fact of actual injustice – of social domination and exploitation – and looked to self-education, rather than the corrupt state, as a way of inculcating virtues.

Moreover, the relevant virtues were those required to engage in collective struggle. It began with a critique of stunted desires, or those formed by long hours, limited horizons, and regular subjection to others. Ira Steward, for instance, argued that struggle began by awakening a desire for more, especially for higher wages and shorter hours. He asked workers to see themselves as equal to their employers and then compare their living standards – their inadequate housing, poor clothing, bad food, and lack of amenities: “to see is to desire...to desire is to struggle.” Awakening new desires was linked to struggle because dependent laborers would soon learn that society was not organized in a way that allowed them to satisfy those desires. As workers developed a desire for better material circumstances, they would come to demand a change in the very way they produced and distributed wealth.

If the relevant virtues began with developing the desires of a self-respecting worker, they were further linked to the conception of citizen competence. The classical republican citizen was one who had adequate knowledge of public affairs and ability to make considered judgments about the common good. Here, that idea took on the color of becoming educated in political economy and acquiring accurate knowledge of one’s own social position. Terence Powderly, leader of the Knights of Labor, noted with pride “the establishment of workingmen’s lyceums and reading-rooms” and thought they showed “laboring men” that they “had the same right to study social, economic, and political questions that their employers had.” Labor papers ran articles on cooperation and political economy; lecturers discussed “working-people’s rights” and debated “the hours of labor;” reading rooms carried the works of enemies, like Malthus and Smith, as well as friends, like Henry George, JS Mill and Lasalle. With this knowledge, dependent laborers would realize they could only achieve the cooperative commonwealth through collective action. That is to say, their own interest in independence was most permanently and reliably achievable through commitment to a common cause. Virtue, here, became identical to a kind of class consciousness.

These ideas culminated in the thought that the full development and exercise of virtue could only take place if workers organized themselves into their own social and political organizations. From the workingmen’s parties of the 1820s and 30s, to the trade union and reform movements of the 1840s through 60s, culminating in the Knights of Labor of the 1870s through 90s, the self-organization of workers was the prime expression of this labor republican conception of citizenship. Groups like the Knights were not always clear how this collective agency was best expressed – in political activity or in the formation of producer and consumer cooperatives, against political parties or outside them, in educational and reform agitation or in strikes and boycotts. Many of these happened at once. But the lasting idea was one of universal solidarity among all dependent workers, skilled or unskilled, since ultimately none could hope to achieve equal independence unless all did. Powderly articulated the Knights’ rejection of craft-based organizing, in favor of universal labor solidarity, by saying “the condition of one part of our class can not be improved *permanently* unless all are improved together.”

If there is something to learn from this radical republican experience, it is that the concept of virtue is not inherently hostile to economic activity, nor is it intrinsically bound up with a defense of existing hierarchies and cultural exclusion. The labor republicans sought to create producer cooperatives, believing these to be more productive and that they afforded workers more leisure than the natural workings of the labor market. This was no classical distrust of the production of wealth. More important yet, labor republicans showed how the language of virtue can be turned into a politics of transformation. This politics emphasizes that those who suffer from injustice must be their own agents; it defines the virtues as those qualities required to sustain solidaristic social and political action; and it emphasizes the formation of separate cultural, social and political organizations. This is not a conception of virtue that is hostile to the self-interest of citizens, but it does remind us that any actual politics of struggle cannot avoid the question of virtue itself. A future, more egalitarian society might be in the interest of each of its members, but to see it realised will require sacrifices and commitment to a common project.

Britain, Become a Republic!

~ Dan Hind and Jamie Stern-Weiner

Britain has been fooled. Told that 'republicanism' just meant sacking the monarchy, the British have missed its radical vision for the future. Jamie Stern-Weiner interviews the author of a new pamphlet that seeks to ignite the flame.

[Maximum Republic](#) by Dan Hind, is available at [Amazon](#) or [Smashwords](#).

Stern-Weiner: In your new pamphlet, you declare that 'it is OK to like the monarchy'. Give me one good reason why I shouldn't guillotine you right now.

Hind: It isn't a statement that will endear me to Jacobins, I know. But there is a serious point here. Anarchists, socialists, communists all have to decide whether they want to make abolition of the monarchy a condition of radicalism. If they do then they are setting themselves against the stated preferences of 80% of the population, who are more or less happy with a crowned head of state. Is it really a good idea to say, 'Here's a radical programme. By the way you can't sign up to it unless you agree with me about the urgent need to get rid of the monarchy'?

Which would you prefer - a substantially post-capitalist society with a crowned head of state, or a good, bourgeois republic with an elected head of state? Liking the monarchy is not the same as being happy with its constitutional status. But capitalism is less popular than the monarchy right now. Why pick a fight with the Queen?

Why do you think it is that self-proclaimed republicans have focused on anti-monarchism, when everyone knows the pageantry of the monarchy is now, as you put it, 'light from a long dead star'?

Well, not all of them have, by any means. But the republicans that reach an audience tend to conflate republicanism and anti-monarchism. They are usually brought on at moments of national celebration to complain that we aren't a proper country, like France or Germany. All will be well when we replace the House of Windsor with a retired politician.

It is how the game is played in this country. There is a strand of liberal opinion that despairs of Britain not being like somewhere else, or an idealised version of somewhere else. It sees abolition of the monarchy as part of our becoming a normal, modern country.

What is 'maximal republicanism'? How would we know we were in a maximally republican state?

A maximally republican state is one in which the people have the institutional

and material resources necessary to make good on their formal sovereignty, to cash the cheque of a republican constitution. In *Maximum Republic* I argue that this requires reform of the systems of communication, subsidy and credit, among other things. We'll know we are in a maximally republican state when we know what's going on, can talk about it openly, and make changes we agree are necessary.

That's one answer. We'd be having more fun, that's another.

Montesquieu characterised the English constitution as a 'republic [hiding]... under the form of monarchy'. If Britain is a de facto republic, why does it take 'the form of monarchy' at all?

Well, I agree with Montesquieu, and with Bagehot who made a similar point. I call it an illicit republic because I wanted to stress the extent to which rule is out of sight.

The monarchy is still useful. For one thing it confounds the reforming imagination. It is kind of indefensible in logic, but it is emotionally appealing to lots of people. So the blundering rationalist calls for its abolition and everyone laughs at the silliness of those who don't enjoy our rich traditions, and so on. Like I say it is part of how the game of public speech is played.

More seriously, the current constitution, where the Crown-in-Parliament rules, gives enormous discretionary power to a tiny handful of people. Many people think that they live in a constitutional monarchy that also is a democracy. They are wrong on both counts. They live in an absolute monarchy whose sovereign power has been captured by a Parliament. This Parliament has conceded some democratic elements but the people are not sovereign. The country is not even formally, let alone maximally, republican. But this has nothing to do with the fact of a crowned head of state. The issue is the constitutional status of the general population. Britain isn't, as a matter of boring old fact, a democracy. This matters a great deal; it is a large part of how Britain's particular version of capitalism organises itself.

The monarchy shields all this from consideration and the people who run things will want to keep it as long as it continues to help in the necessary work of mystification.

The ancient democratic republics comprised a minority of citizens and a majority of non-citizens (for instance, slaves). You argue that our society, too, is divided into the mass of the population, on the one hand, and a much smaller 'effectually ruling public' on the other. Who is this effectually ruling public, and what are the mechanisms by which it reproduces itself?

The exact composition varies and it escapes easy classification. The point of calling it an illicit republic is precisely that the ruling public don't act openly. They don't tell people what they have in mind at election time, for example. They work through obscure working groups, committees, networks of various kinds. Very few people who aren't in it can talk about it authoritatively.

Still, the ruling public are best understood as those who can make the state serve their interests, who can treat the state as their property. The core of the effectually ruling public is, roughly, the senior figures in the financial

sector, some people from some of the scarier bits of the global economy - oil, arms, pharmaceuticals, that kind of thing - and the political class. They have partners in the media, in academia and in other key institutions who are also influential in their own right. There are more who need to be kept onside, consulted, and so on. But the core is in the South East and it is organized around finance and politics in the broad sense.

The historian Quentin Skinner and the philosopher Philip Pettit have in recent years revived a distinctively [republican tradition of thought about liberty](#). Republican liberty, in their accounts, is infringed not by active interference but by the condition of dependence. Mere vulnerability to domination by others is, for republicans, an infringement on one's liberty. Do you work with a similar understanding of liberty in this book? What political implications does it have?

I have been very much influenced by Skinner's work in particular on this, having come to Pettit quite late. The idea of vulnerability is very useful, I think. It is important when we are thinking about the media, for example. Pierre Bourdieu once said that 'journalism is a very powerful profession made up of very vulnerable individuals'. Why do you think you can trust journalists who are vulnerable to forces they can't adequately acknowledge?

Newspapers are courts, broadcasters are courts, to use a good old republican term of abuse. They are closed to outside scrutiny and they reward faithful service to the institution, punish disruption. Now, that's not to say that the people working in the media are all villains, far from it. But villainy is the best policy, in a lot of instances.

More generally, without effective public oversight and control of the state the social world becomes an overlapping mass of unacknowledged domination. We are vulnerable economically and as James Harrington has it, 'he who wants bread is his servant that will feed him'. The same applies if I want a Lexus, or a country house. Every need and desire can become a threat to our freedom.

Maximal republicanism is quite a radical doctrine. You argue that, 'fully realised', it means 'the end of capitalism'. What's the conflict between capitalism and maximum republicanism? Is republicanism opposed to all market-based economies, or merely certain varieties?

Republicanism, fully realised, insists on the public direction of society. In a capitalist society an unstable coalition of capitalists along with their partners in the state decide the course of events, as far as possible, and do their best to stop everyone else from having any say at all. In fact they spend a fortune creating the impression that stuff just happens. The two systems are not compatible. Either the people or the money power has the final say.

I am agnostic as to what post-capitalist society looks like. It is kind of above my pay grade. What the people in a fully achieved republic decide to do is up to them. They could leave power in the hands of the weirdos who currently run the show, I suppose. But they would do so as a conscious decision that they could revoke at any time. This wouldn't be capitalism as I understand it.

Personally, I don't think private property or market exchange are great evils. I can see how they could easily be part of a democratic-republican (interesting what those words currently call to mind) system. Republican rule has to be wary of markets, for reasons I discuss in *Maximum Republic*. It has to be wary of everything, in fact. But it doesn't have to do without them.

Is maximum republicanism economically viable?

See my answer above! It depends what a sovereign public decides to do. If you think that people are politically viable, then what they come up with will be economically viable. I can see how republican rule would be much more dynamic, much more productive of common wealth, than what we have here.

Your political proposals, both here and in other works like *The Return of the Public*, advocate maximising the scope and substance of popular rule. Would it be fair to characterise your championing of the public as a faith position? Does maximum republicanism, for instance, rely on an implausibly rosy view of human nature and capabilities?

Fear and hatred of the people is much more of a faith position, if you think about it. The tyranny of the majority, the tragedy of the commons. The privileged have a whole set of revealed truths about how most people are dangerous brutes. There's no evidence for it. It is self-serving nonsense, and has been demonstrated to be, over and over again. I can sound a bit starry-eyed about what a free people can achieve, but it's only because we hear so much libellous rubbish about our own species.

Given the necessary resources and powers, people are the best judges of what to do in their own lives. But, the necessary resources and powers are quite extensive: 'allow all the governed an equal voice in the government and that, and that alone is self-government'. I agree with that, even though it was first said by that dubious legal type from Illinois, Abraham Lincoln.

I don't think that we are all itching to become civic heroes. I don't think a substantive democracy would be a utopia. But it would be better than what we have now. It is also our best shot at survival.

[David Runciman](#) argues that 'political parties are founded on the assumption that most people don't care enough about politics to do the things that would make a difference: they have to be corralled into the political arena and then bribed to stay there long enough to effect change'. Do you think people want to be spending a lot of their time involved in politics directly?

I don't agree with Runciman on this, at all. Historically, political parties had their origins in gambling dens—they were a ruse put together by adventurers.

Ronald Syme wrote about Caesar's enjoyment of 'the conscious mastery of men and events'. This is what party politics delivers to a few, the thrill of executive command. Political parties are founded on the assumption that politics is tremendously rewarding and a brilliant laugh. The important thing is to keep the majority from realising it.

Not everyone wants to spend lots of time involved in politics, all the

time, of course. But once more people begin understand what politics is, by doing it, they will see the point of Andreotti's warning that 'power is exhausting—to those who do not have it'.

For many eighteenth century thinkers it was axiomatic that a republic could only work on a small scale. First, because only then could citizens acquire the knowledge required to participate directly in politics. Second, because only in small, culturally homogeneous populations could the affective basis for republican citizenship—i.e. the strong sense of civic virtue required to re-orient private to public interest—be sustained. Does this not render republicanism an anachronistic model for a society like contemporary Britain?

Very briefly, they were right about the problem of knowledge, wrong about need for homogeneity.

The idea that we all need to have the same religion, the same skin colour, the same gender, the same income bracket—they've all been treated seriously as reasons for limiting republican ambitions for inclusion. I don't buy any of them. We have in common a wish and capacity for liberty and we recognise that in one another when we meet as equals, to discuss matters of shared concern.

I talk about the problem of knowledge in the pamphlet, so I won't go on about it here.

What advantages do you think maximal republicanism has as a liberating ideal or slogan as against, for instance, socialism or anarchism? Is your aim with this pamphlet to radicalise republicans, or do you also want to republicanise radicals?

I wanted to write something for people who live in Britain in particular, to try to explain why the place is so weird. As for people who call themselves republicans here, maybe some of them are a little too keen on anti-monarchism to trouble themselves with anti-capitalism, but you never know. I'd love to see one of them on *Newsnight* saying, 'Oh, no, Jeremy, you misunderstand, we want a republic, a fully realised republic. The head of state thing, we're pretty relaxed about that. Have you heard the one about the Eupatrids in democratic Athens?'

As for the radicals, I don't want to present republicanism at full stretch as an alternative to socialism or anarchism. In writing the piece, I was interested in seeing what we could all learn from the republican tradition. I also wanted to think about what kinds of innovations would be necessary to make good on the idea of a sovereign public. That's the point of *Maximum Republic*—it's to ask what we need, if we want to be free, actually free. And to ask in a way that is practical and concrete, and that gives at least the outline of a political programme now. I hope that socialists, anarchists, everyone who is thinking seriously about our current predicament, will find something useful in *Maximum Republic*.

Like I say, I am kind of wishy-washy about ends. But as far as means are concerned, I am a fanatic. Whatever you have in mind, it must secure the approval of an informed and sovereign public.

Liberty, Liberalism and Surveillance: an Interview with Quentin Skinner

~ Quentin Skinner, Richard Marshall

Quentin Skinner is a leading historian of political thought and an outstanding advocate of a contemporary republican viewpoint. This interview with [Richard Marshall of 3:AM](#) sets out an accessible overview of a lifetime of work. Open Democracy has added two additional questions about corporate power, surveillance and freedom in the context of the Snowden revelations.

3:AM: You are known as a [leading historian](#) of political history and in particular the formation of ideas around human liberty. One of the key ideas you've written about is what you label 'neo-Roman' liberty. This began back in Ancient Rome didn't it, where freedom was contrasted with slavery, wasn't it? Can you tell us what its distinctive traits are?

Skinner: The vision of personal freedom that interests me is articulated most clearly in the *Digest of Roman Law*, which is why I have wanted to describe its later manifestations as examples of 'neo-Roman' liberty. The fundamental distinction drawn at the outset of the *Digest* is between the *liber homo*, the free person, and the *servus* or slave. The law needed to begin with this contrast because law applies only to free persons, not to slaves. So one crucial question was: what makes a slave? The answer given in the legal texts is that a slave is someone who is *in potestate*, in the power of a master. The contrast is with someone who is *sui iuris*, able to act in their own right. Long before these arguments were summarised in the legal texts, they had been elaborated by a number of Roman moralists and historians, above all Sallust, Livy and Tacitus. These writers were interested in the broader question of what it means to say of individuals – or even of whole bodies of people – that they have been made to live in the manner of slaves. The answer they give is that, if you are subject to the arbitrary will of anyone else, such that you are dependent on their mere goodwill, then you may be said to be living in servitude, however elevated may be your position in society. So, for example, Tacitus speaks of the servitude of the entire senatorial class under the Emperor Tiberius, so wholly subject were they to his lethal caprice.

It developed into a formidable political idea during the Italian Renaissance, didn't it? Was Machiavelli influenced by it, either negatively or positively?

Yes, this vision of freedom is the one that underlies Renaissance Italian discussions about the *vivere libero*, that is, the sort of constitution that is needed to uphold a free way of life. Machiavelli was undoubtedly deeply influenced by these ideas. You ask if this influence was positive. If by that you mean to ask if he agreed with the neo-Roman analysis, I would say that he

emphatically endorsed it.

[Machiavelli's](#) main engagement with the neo-Roman view of freedom can be found in his *Discorsi*, completed around 1520. These 'discourses' take the form of a commentary on the opening ten books of Livy's history of Rome. In his opening two books Livy had contrasted the lack of freedom suffered by Rome under her early kings with the *civitas libera*, the free state, that the people were able to set up with elected consuls in place of hereditary kings after the expulsion of the Tarquins. [Machiavelli](#) fully endorses Livy's assumption that the fundamental question to ask, when thinking about political liberty, is about the distinction between freedom and servitude, and he further agrees that the arbitrary power wielded by the early kings of Rome left the citizen body living as slaves. The term *servitù* is always the one he uses when speaking of how an individual or a whole people living subject to the discretionary power of someone else will suffer loss of liberty, whether the power be internal to the polity (in the form of a prince or ruling oligarchy wielding arbitrary control) or external (in the form of a colonising power).

Was it influential in the development out of Lutheran and Calvinist and other religious groups of that time of the right to protest, resist and revolt?

The right of resistance developed in the course of Reformation struggles was chiefly based on classical ideas, but mainly on the Roman law maxim that *vim vi licet repellere*, that it is always lawful to resist unjust force with force. The contrast between freedom and servitude is certainly important to the leading Reformation thinkers, including both Luther and Calvin. But this is mainly because they were predestinarians, and rejected the very idea of human freedom in the name of the claim that we are all slaves to sin, and are freed only by divine grace.

How was it developed in Britain? Was it the sort of idea of Rome Shakespeare would have known about and presented?

Shakespeare has much to say in his Roman plays, and especially in [Julius Caesar](#), about the allegation that, if a polity falls under the will of a single person it becomes enslaved, just as individuals become enslaved if they become subject to a master. When Brutus addresses the plebeians in Act III, his justification for assassinating Caesar is that his death was necessary to keep Rome free and prevent her citizens from becoming slaves.

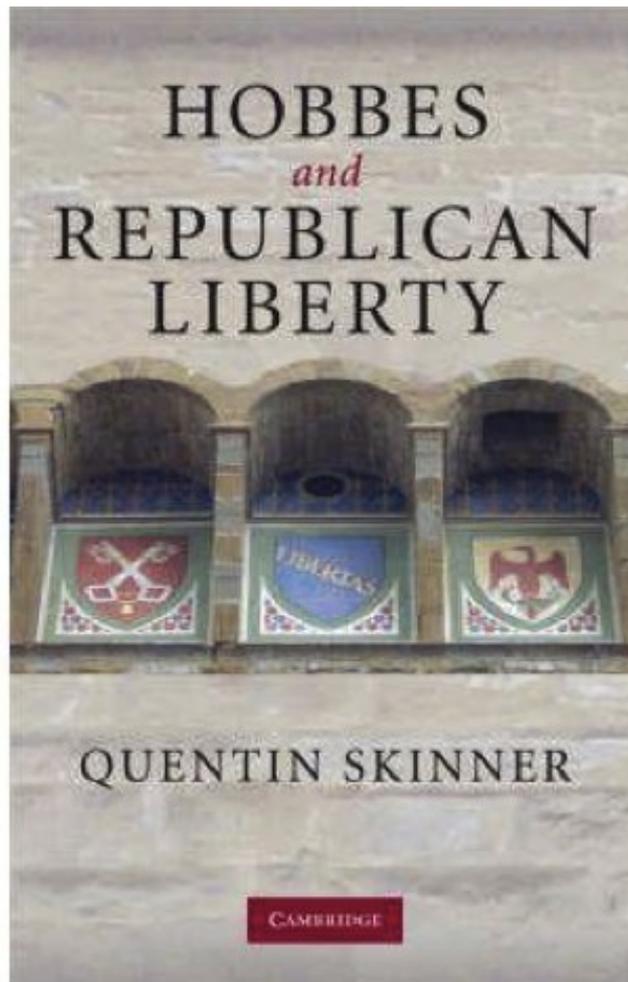
It became prominent during the English civil war of the 1640s, didn't it? Didn't Milton develop his ideas around the ideas of a politics against slavery?

Yes, John Milton offers a purely neo-Roman view of freedom and free states in both the major political tracts he published after the execution of Charles I. In his *Tenure of Kings and Magistrates* (1649) he argues that, unless the people are able to govern themselves, then they will live as slaves, since they will be living under the will of someone else. On the eve of the Restoration he

published *The Ready and Easy Way to Establish a Free Commonwealth* (1660), in which he presents monarchy as an enslaving form of government. His argument is that kings always enjoy prerogative powers, and that such powers are by definition discretionary. But to live subject to the mere discretion of another person is what it means to live as a slave. So he exhorts the people, in both these texts, to retain political power in their own hands as the only means to uphold their political liberty.

Hobbes opposed the Roman republican view of liberty, didn't he? What different view of liberty did he present? Was he drawing a different tradition or was he developing his ideas through his polemics, kind of making it up from whatever argument carried the day?

[Hobbes](#) changes his mind about the nature of political liberty. When he circulated his first political treatise, *The Elements of Law*, in 1640, he still accepted the classical view that individuals are unfree if they are dependent on the will of someone else. He argued, however, that in order to assure peace and prevent a return to the state of nature – which he equates with a state of war – it is essential to set up an absolute form of sovereign authority to which we submit ourselves. But he agreed that, if you submit yourself to the will of such a sovereign, you thereby forfeit your liberty, which consists in the absence of any such submission and dependence. His answer at this stage is that, if what you want is peace, then you will have to give up liberty. By the time he published his next political work, his *De cive* of 1642, he had changed his mind. He now argues that, in establishing sovereign power, we do not have to give up our freedom, and he makes this point by way of arguing that everyone has misunderstood the true character of personal liberty. Personal freedom, he now insists, consists not in being independent of the will of others, but merely in not being obstructed from acting as we will. Freedom is not absence of dependence; it is simply absence of external impediments to motion. This view is grounded in [Hobbes's](#) basic belief that there is nothing real in the world except matter in motion. Given this ontology, he is committed to the view that the only sense we can make of the idea of human liberty is to think of it as the freedom of an object to move. On this account, you are unfree if your movements are impeded by external impediments, but free if you are able to move without being obstructed.



So Hobbes thought that even under the most coercive force of law left people free. How does he make this argument as it doesn't seem on the face of it very convincing?

Skinner: Hobbes's argument about law and liberty, which he develops most fully in chapter 21 of [Leviathan](#) – which is entitled 'Of the liberty of subjects' – depends on his view about how laws operate. He maintains – and this is surely plausible – that the main reason why people obey the law is that they are more frightened of the consequences of disobedience. But as he now argues, fear does not take away freedom. Freedom, according to Hobbes's new definition, is taken away only by external and physical impediments to motion. But fear is not an external impediment. On the contrary, fear is a motivating force, and one that generally drives us to obey. So he insists that, when we obey the law, we always do so freely, and we are always free to disobey. I agree that at first sight the argument does not look convincing, but if you recall how Hobbes defines human freedom then you can see that it is at least wholly consistent.

Why was Hobbes so against the Roman idea? Was it that he wanted peace at any price, or didn't he like the parliamentarians personally?

One can only speculate, but I have the impression that Hobbes was worried about the extent of the demands that might be made in the name of liberty if the neo-Roman theory were left unchallenged. It is an obvious and crucial implication of the [neo-Roman theory](#) that you can be unfree even in the absence of any coercive threat. This is because, if you are living in dependence on the goodwill of someone else, you will be sure to self-censor in the hope of keeping out of trouble. But this will have the effect of limiting your own liberty. This limitation, however, will arise merely from your standing in relation to another person, not necessarily from any act of coercion on their part. To secure your liberty, then, what needs to be secured is your freedom from any such dependence. But that is to ask a lot of the state, and Hobbes seems to have felt that the demand was an excessive one. A further and connected reason for Hobbes' hostility was I think his strong desire to vindicate, against the republicans of his age, the validity of absolute monarchy. As we've seen, in the hands of a writer like Milton monarchy is stigmatized as an inevitable source of enslavement. Hobbes wants to defend monarchy as a lawful form of government, so he needs to reject the view that he had previously espoused, namely that dependence in itself takes away freedom.

So after this period, what happened to the two species of liberty? [Locke](#) presumably was more Hobbesian and [Rousseau](#) more Roman?

Hobbes's view was not immediately taken up in Anglophone political discourse. On the contrary, there was something of a reaction against it. Locke continues to insist that arbitrary power takes away freedom. This claim is indeed the main argument out of which he develops his views about the right to resist tyranny. Hobbes' rival claim that freedom consists not in absence of dependence, but merely in absence of impediments, only became orthodox in English political theory with the rise of classical utilitarianism in the eighteenth century. Hume in several of his essays ridicules the notion that dependence in itself takes away liberty, and with Bentham and Paley at the end of the century you find a clear articulation of the view that we are free provided that no one is interfering with the exercise of our powers. By contrast, Rousseau is indeed, as you say, the leading writer who continues to insist on a Roman view of liberty. For Rousseau you can never claim to be free if you are subject to the will of anyone else. Rousseau is obsessed with the importance of maintaining one's independence and evading the servility which he saw all around him.

And would Marx have been aware of this distinction? Would he, or did he, side with Hobbes or the Roman idea?

That is a question which would bear a great deal more investigation than it has received. I am very stuck by the extent to which Marx deploys, in his own way, a neo-Roman [political vocabulary](#). He talks about wage slaves, and he talks about the dictatorship of the proletariat. He insists that, if you are free only to sell your labour, then you are not free at all. He stigmatizes capitalism as a form of servitude. These are all recognizably neo-Roman moral commitments.

This distinction seems a crucial one and might explain why republicanism can seem to accommodate such a wide range of political views, from extreme authoritarianism in the name of liberty to collectivism? Is our historical blindness an impediment to our ability to understand many of the cross currents of our contemporary situation? I guess the issue here is the role of history and having an historical perspective.

I do not myself associate neo-Roman theories with what you call authoritarianism in the name of liberty. Such authoritarianism generally springs, it seems to me, from the assumption that there are certain true ends for mankind, and that liberty consists in following them. An example would be the Aristotelian belief that our freedom is best realised in serving the community. Another example would be the rival Christian belief that we attain true liberty ('Christian freedom') only in serving God. These paradoxical arguments – in which freedom is connected with service – differ from the core neo-Roman ideal that freedom consists in independence from the arbitrary will of others. The desire to be free of such discretionary power does not have to be held in virtue of the belief that we ought then to proceed to use our independence to act in specific ways. The neo-Roman theory is not interested in telling you how you should make use of your liberty; it merely wants you to espouse a particular view of how liberty should be understood. I strongly agree with you when you speak about our current historical blindness. I think that we have closed ourselves off from understanding a lot of our history by failing to see that, until relatively recently, the concept of liberty was generally understood in a way that we now find unfamiliar and even hard to grasp. We tend to think of freedom essentially as a predicate of actions. But the earlier tradition took freedom essentially to be the name of a status, that of a free person by contrast with a slave. Let me end by following out your last train of thought. I believe that there is certainly a sense in which we fail to understand some features of our contemporary situation through not having a grasp on the [neo-Roman](#) way of thinking about liberty. For a neo-Roman thinker, many of the situations that in a market society are regarded as free – even as paradigmatically free – would appear as examples of servitude. The predicament of de-unionised labour, of those who live in conditions of economic dependence, of those in particular who live in dependence on violent partners, and of entire citizen-bodies whose representative assemblies have lost power to executives – all these would appear to a neo-Roman theorist to be examples of being made to live like slaves.

openDemocracy: You list economic dependence of non-unionised labour, the role of tyrannical violence in the family and the way parliaments are suborned by non-elected executive power, but you don't list the rise of corporate power as a threat to liberty. Do you see the free market as essential to liberty in the full sense you advocate?

The power of corporations seems to me capable of posing a serious threat to liberty, in particular through their capacity to put pressure on states, especially developing states. Suppose a corporation wants to invest in a country but finds that its environmental laws, or its labour regulations, are inconveniently

demanding. It can easily put pressure on the relevant government, especially in the case of developing states, to give it a break from these obligations. There need be no threat to refuse investment unless these special privileges are granted. It may be enough that the government is aware that the investment could be lost unless special privileges are granted for it to agree to grant those privileges. The government is placed, in other words, under an obligation to behave in a servile way that may also be undemocratic in that various laws that have been agreed by the people's representatives may have to be set aside. Nor is this only a problem with respect to the power of multi-national corporations in their dealings with developing states. Think of the tax breaks that multi-nationals are given in this country, and the recent revelation that some are allowed to get away with paying virtually no corporate tax at all.

openDemocracy: *Recent revelations make it clear that the state intelligence services, linked up with specialist corporations, either have or are certainly attempting to 'Master the internet' and map and record all our metadata, tracing every electronic relationship, web search, Skype conversation and text message that we make. The general response across the British media, from the BBC to the Telegraph and the Murdoch papers, is 'What did you expect? Everyone does it? What have you got to hide?'. How do your arguments impact on the issue of surveillance?*

The idea that there is no problem with surveillance as long as you have nothing to hide simply points to the complacency of the liberal view of freedom by contrast with the republican one. The liberal thinks that you are free so long as you are not coerced. The republican agrees, of course, that if you are coerced then you are not free. But freedom for the republican consists not in being free from coercion in respect of some action, but rather in being free from the possibility of coercion in respect of it.

When William Hague told the House of Commons that no one has anything to fear so long as they have done nothing wrong he was missing an absolutely crucial point about freedom. To be free we not only need to have no fear of interference but no fear that there could be interference. But that latter assurance is precisely what cannot be given if our actions are under surveillance. So long as surveillance is going on, we always could have our freedom of action limited if someone chose to limit it. The fact that they may not make that choice does not make us any less free, because we are not free from surveillance and the possible uses that can be made of it. Only when we are free from such possible invasions of our rights are we free; and this freedom can be guaranteed only where there is no surveillance.

I think it very important that the mere fact of there being surveillance takes away liberty. The response of those who are worried about surveillance has so far been too much couched, it seems to me, in terms of the violation of the right to privacy. Of course it's true that my privacy has been violated if someone is reading my emails without my knowledge. But my point is that my liberty is also being violated, and not merely by the fact that someone is reading my emails but also by the fact that someone has the power to do so

should they choose. We have to insist that this in itself takes away liberty because it leaves us at the mercy of arbitrary power. It's no use those who have possession of this power promising that they won't necessarily use it, or will use it only for the common good. What is offensive to liberty is the very existence of such arbitrary power.

The situation is made much worse once you come to know — as all of us now know — that we are in fact subject to surveillance. For now there is a danger that we may start to self-censor in the face of the known fact that we may be being scrutinised by powerful and potentially hostile forces. The problem is not that we know that something will happen to us if we say certain things. It's that we don't know what may happen to us. Perhaps nothing will happen. But we don't know, and are therefore all too likely to keep quiet, or to self-censor. But these are infringements of liberty even according to the liberal account. Surely the liberal and the republican can agree that, if the structures of power are such that I feel obliged to limit my own freedom of expression, then my liberty has to that degree been undermined.

It may of course be objected that liberty is only one value, and that liberty may sometimes have to be compromised in the name of other and supposedly higher values, such as security. One answer is that we are perhaps too willing at the moment to allow questions about security to outweigh questions about liberty. But even if this is not so, the current situation seems to me untenable in a democratic society. Let us agree that it is one of the undoubted obligations of the state to maintain security. Let us also concede that this may require some level of surveillance. But if the resulting powers are to be democratically exercised, then several constraints not currently in place will have to be imposed. People must know in advance exactly what activities are subject to surveillance, and why, and what penalties will potentially be incurred. And the use of surveillance will have to be undertaken by bodies that have to respond to Parliament, not merely to the Executive, which we often have no good reason to trust.

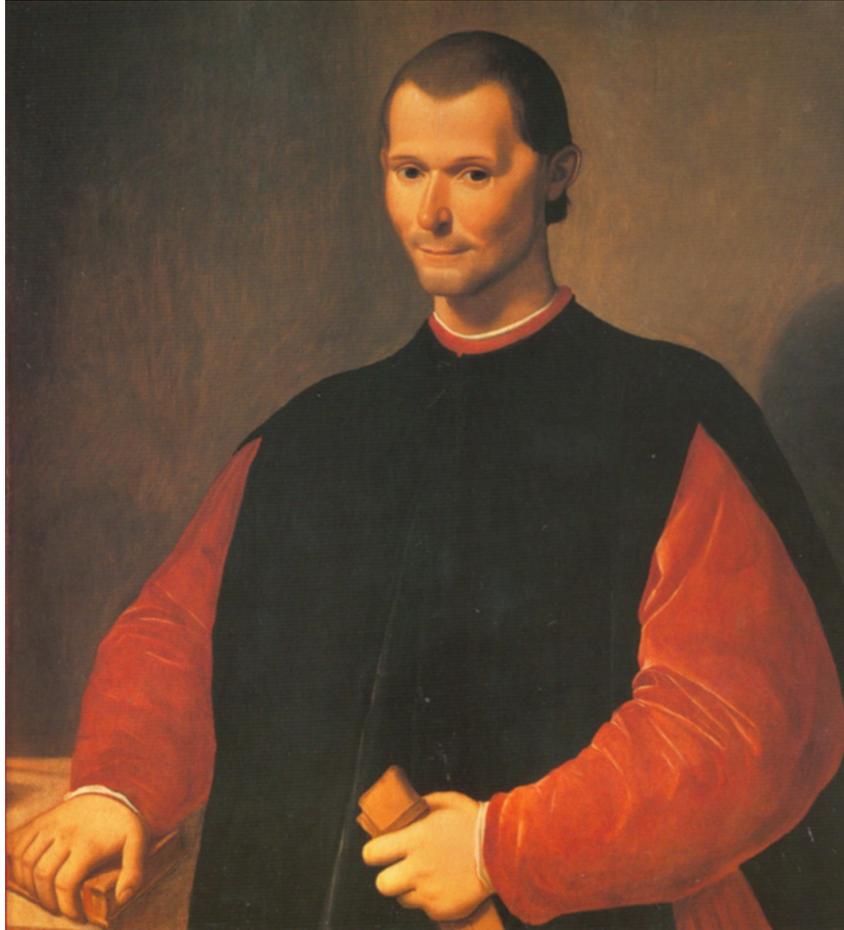
Democrats Today can Learn from Machiavelli

John McCormick, Robert Jubb, and Stuart White

'Machiavellian' is used today as a synonym for power-grasping cynicism, but the man's own views and politics were more complex. In his 2011 book, Machiavellian Democracy, John P. McCormick argues that Machiavelli was not only a republican thinker but a radically democratic one, with ideas that remain relevant today. Robert Jubb and Stuart White interview McCormick on behalf of openDemocracy.

openDemocracy: Machiavelli's key works are *The Prince* and the *Discourses*. One is a manual on how to get and use princely power, the other a discussion of republics. Do we need to reconcile these two works? If so, how?

John P. McCormick: I think that the two works actually reconcile themselves. Machiavelli declares in the *Discourses* that republics must be founded or fundamentally reformed by a single individual. Romulus is his quintessential example of republic's founder, and Cleomenes is one of his chief examples of a republic's reformer. Thus, Machiavelli's advice to princes within *The Prince* (and, indeed, within the *Discourses* itself), in so far as it aids individual founders and reformers, is perfectly compatible with his republicanism. Moreover, Machiavelli offers the same, often brutally immoral advice to political actors—princes and magistrates, peoples and elites—in both books.



Santi di Tito Portrait of Machiavelli

openDemocracy: You argue in *Machiavellian Democracy* that previous scholarship has not attended enough to differences in republican thinking in Florence at the time of Machiavelli, leading to a misrepresentation of Machiavelli. Can you explain? Why might this have happened?

John P. McCormick: I think that many scholars have overcompensated in their efforts to underplay or contextualize Machiavelli's immorality or amorality by disproportionately emphasizing the continuity of his political thought with that of traditional Roman republicans like [Cicero](#) and Florentine civic humanists like [Leonardo Bruni](#). In so doing, they tend to overlook the unprecedented extent to which Machiavelli departs from the *political* thinking of republicans from the past or from his own intellectual milieu: in particular, they often miss the full extent to which Machiavelli was an advocate of popular participation within republics; indeed, a champion of popular ascendance over the elites of republics. There are, of course, exceptions to this charge: [Felix Gilbert](#) and [John Pocock](#) quite convincingly demonstrate how Machiavelli's more democratic republicanism differs from the aristocratic republicanism of his younger contemporary [Francesco Guicciardini](#) - although, I'd say that they did not go far enough in this regard.

openDemocracy: Let's explore the theme of popular participation

further. You emphasise the way that Machiavelli thought that the wealthy of his time, primarily the nobility, were the greatest threat to a free society. What kinds of institutions did Machiavelli think would help to empower the people relative to the nobles? How did Machiavelli use Roman history to illustrate both the importance of empowering the people against the nobles and the means necessary to do so?

John P. McCormick: First and foremost, Machiavelli recommended that republics revive the institution of the [plebeian tribunate from ancient Rome](#), an institution that he claimed made Rome “more perfect” by enabling common Roman citizens to “beat back the insolence of the nobles.” Rome’s wealthiest and most prominent citizens were ineligible to hold the office of plebeian tribune, an office with extensive power within the Roman constitution: tribunes wielded veto authority over most policy measures; initiated and led discussions over legislation in Rome’s popular assemblies; and they publicly tried wealthy and prominent citizens before the people for political crimes. When the Medici asked Machiavelli to draft a constitutional model for the reformation of the Florentine Republic, Machiavelli included a tribunesque office in the constitution, which he called “provosts.”

***openDemocracy:* You suggest that contemporary representative democracies can learn from Machiavelli by creating a modern Tribune. Can you explain how this would work?**

John P. McCormick: Well, I merely offered a sketch for how a modern institution that excluded wealthy citizens might wield some of the powers held by the Roman tribunes within modern electoral democracies. My goal was primarily to make the Roman institution look less foreign, archaic or just plain weird to us today.

***openDemocracy:* What would this modern Tribune look like?**

John P. McCormick: I proposed that a college of 51 randomly selected, non-wealthy citizens, empowered to exercise authority associated with Rome’s plebeian tribunate for a one-year term, be appended to the U.S Constitution. Specifically, these modern tribunes would be entitled to veto one piece of congressional legislation, one executive order and one Supreme Court decision; to call one national referendum, over any issue they wish (only two-thirds votes of both the U.S. Senate and House of Representatives may render the statute unconstitutional); and to initiate impeachment proceedings against one Federal official from each of the three branches of government during their term of office.



Ruins of the Roman Forum: the commercial and political centre of the Republic

openDemocracy: Graham Smith and David Owen argue in a response to your book, published in *The Good Society*, that the Tribune function might also be carried out by trade unions and labour parties. What's wrong with this approach? Are there other possible approaches to thinking about the kind of institutions that could perform the Tribune function?

John P. McCormick: I think it's an excellent point, and I would include a free press within the ensemble of agents who have performed tribunician functions within modern democracies—it is no accident that many newspapers established during the Progressive Era in the United States invoked the Roman tribunate in their names, for instance, "The Chicago Tribune." However, both organized labor and a free media have, over the last generation or so, declined as potent agents of democratization in contemporary representative regimes. And, in any case, there's something to be said, I think, for giving common people their own institutional branch through which they might assert their interests against other institutions more readily at the disposal of wealthy elites. I justified the establishment of such "plebeian" institutions on the grounds of "affirmative action for common citizens."

openDemocracy: The recent revival of republican political theory has sometimes presented the republican tradition as united around a conception of liberty – liberty as non-domination - and a set of institutional prescriptions. Your work on Machiavelli argues that this misrepresents the Florentine, and so implies that republicanism is a more fractured body of political thought than some would suggest. How do you think we should understand the republican tradition? Is there any one such tradition?

John P. McCormick: No, of course, there is no single republican political tradition--although one tradition has been dominant in the writings of so-called republicans from Cicero through Guicciardini to the 18th century founders of the modern republics in which many of us live. This aristocratic tradition of republicanism understands the greatest threat to liberty to be posed by the ignorant, jealous and capricious common citizens of republics rather than the wise, prudent and virtuous (read, rich) "best men" of such republics. Republics ought to be "mixed," on their view to favour the latter over the former types of citizens. Machiavelli is, for all intents and purposes, the only exception to this literary tradition. The Florentine is the most full-throated dissenter to this conservative intellectual tradition, the only writer before the 19th century to give voice in his writings to the aspirations of plebeians, lower guildsmen, and *popolo minuto* within republics, and to assert that they should hold preeminent authority over the elites of their polities.

***openDemocracy:* What barriers, if any, do you think we encounter when trying to draw on the history of political thought to make contemporary political arguments? Are there important differences, for example, between Machiavelli's Florence and contemporary democracies, and if there are, how should they shape our use of Machiavellian arguments?**

John P. McCormick: I think that a lack of the kind of class consciousness that was characteristic of the ancient Roman and medieval Florentine republics--in particular, the lack of a thorough-going distrust and resentment of the political influence of economic elites within modern republics--is the single greatest barrier to a revival of Machiavellian democratic republicanism today.

***openDemocracy:* What are you working on now?**

John P. McCormick: I'm still writing on Machiavelli, in particular, a study of the Florentine's thoughts on the compatibility between leadership and popular government. Throughout his writings, Machiavelli analyses a love triangle, as it were, that inevitably develops among individual leaders, the wealthy and the common people. Machiavelli's advice to such leaders, whether princes in principalities or magistrates in republics, is always to favour the people at the expense of elites, but different circumstances dictate various ways of pursuing that end. According to Machiavelli, everything pertaining to the founding of new republics and, especially, to the reforming of corrupt republics depends on leaders "getting it right" in such circumstances. Favouring the people always entails punitive policies directed at elites who too readily convert their socio-economic advantages into political oppressions; policies ranging from publically conducted, popularly judged criminal trials to the violent, wholesale elimination of the nobility. The severity of such punishments depends, Machiavelli suggests, on the extent of corruption in a particular republic.

Republicanism and Revolutions

~ Karma Nabulsi

Republicanism needs to be understood as the tradition of revolutionary practice rooted in a fundamental commitment to the value of popular sovereignty.

Republicanism can be explored as a tradition of practices and virtues, tied to the creation of revolutions. At this tradition's core, and what attaches it through time and place, lies a recurring dominant principle, that of popular sovereignty.

[Hannah Arendt](#), for one, doesn't think there can be such a tradition of revolutions, because it is a treasure, a public good, which she claims is irrevocably lost between generations.

In her *The Gap between the Past and the Future*, she begins her own quest for the lost treasure of revolutions with the mysteries of its definition:

“The history of revolutions... could be told in parable form as the tale of an age-old treasure which, under the most varied circumstances, appears abruptly, unexpectedly, and disappears again, under different mysterious conditions, as though it were a *fata morgana*. There exist, indeed, many good reasons to believe that the treasure was never a reality but a mirage, that we deal here not with anything substantial but with an apparition, and the best of these reasons is that the treasure thus far has remained nameless. Does something exist, not in outer space but in the world and the affairs of men on earth, which has not even a name? Unicorns and fairy queens seem to possess more reality than the lost treasure of the revolutions.”

Drawing on the words of the poet [René Char](#) as he tracked his own discovery of it during his days fighting for it in the French resistance, Arendt defines this public treasure in the language of those 18th century American revolutionaries who were willing to die for it: “the public happiness”, or for the French revolutionaries: “public freedom”, for Rousseau “popular sovereignty”.

But Hannah Arendt (in her typically gloomy fashion) believes this precious treasure can hardly be named, much less collectively held, for she declares that no past tradition exists in which this public freedom is embedded, one that can preserve and transmit this revolutionary force from generation to generation.

Arendt believes that this nameless treasure is lost between generations because there is nothing tangible that can be passed on, and therefore nothing to inherit:

“The testament, telling the heir what will rightfully be his, wills past possessions for a future. Without testament or, to resolve the metaphor, without tradition – which selects and names, which hands down and preserves, which indicates where the treasures are and what their worth is – there seems to be no willed continuity in time and hence, humanly speaking, neither past nor future... Thus the treasure was lost, not because of historical circumstances and the adversity of reality, but because no tradition had foreseen its appearance or its reality, because no testament had willed it for the future.”

She is wrong, of course. A tradition of revolutions exists and can be identified very precisely, in any place, in any historical period, from where it constantly emerges in its popular form – for what is universal about this collective treasure is that it is owned by no particular region in the world, nor did any single intellectual tradition create it. The revolutionary tradition of popular sovereignty exists; it is simply that some liberals don't wish to claim it, because at its heart it demonstrates that popular sovereignty (also the foundational principle of democracy) and revolutionary acts are completely intertwined, are one.

Where do we go to trace this tradition of revolutions? If we look at the people who make revolutions – at their practices, their ideas, their organizations, their years of preparation and collective work – we find that everything they write, everything they do, is imbued with passion, spirit, ideology, principles, but above all an awareness of the virtues, and an unwavering allegiance to practice them, in order to achieve their aims.

Any study of revolutions must therefore be attached in some serious way to the reality of the experience of revolutions and revolutionaries, the language they used, the ideals that drove them. What they were fighting for, who they were fighting against – and how. Above all, what were the values which moved them to choose such risks and live such harsh struggles? These are the questions that lead one to uncover the broad tradition of republicanism. Without such understandings of the principles held by the protagonists, individuals, associations, parties, movements, and groups, along with the nature of the injustices they would not reconcile themselves to, the articulated desire to change a wretched present ‘for the happiness of all’: without reading their words, following their actions, we end up studying everything but republicanism and its revolutionary tradition.

What ties these revolutionaries together in a tradition? Tactics, strategies, ideologies; what connects them above all is that revolutionary principle of popular sovereignty: that all people are equal, free and self governing, that sovereignty rests with the people not the king, and not the nation even, but within each person. This single principle is (as the French republican [Godefroy Cavaignac](#) rightly named it) *la force revolutionnaire*.

Popular sovereignty as the revolutionary principle is not based on the nation alone, but rather on a republican understanding of the social contract, where all citizens are equal and free. Accordingly, popular sovereignty and revolutions are most often about republicanism, and about republicans. In other words, most revolutionaries, in their principal underlying aims (whether socialist, liberal, democrat, or communist) are republicans.

This republican tradition has quite a distinguished lineage in the modern era. In the late 18th and 19th century, it inspired revolutions across Europe and the Americas. In the 20th it can be traced through the rich history of the anticolonial struggles for liberation from Africa to Asia, Vietnam and Algeria to Palestine. Its prevailing feature was the ambition to create republics through revolutions.



[Sons of liberty destroy King George III statue, by Johannes Adam](#)

There are a few reasons why the historical and theoretical literature has been largely silent about this tradition. From a historiographical point of view, this tradition of revolutionary struggle is something of a 'lost tribe' – the men and women who make it up are almost all entirely unknown. This is primarily because most chose to remain anonymous. Of course in the first place, they were trying to remain hidden from empire's armies and police spies, and they were engaged in a battle in a real sense, and much of their most tangible work was underground and invisible.

However there is more to it than that: these revolutionaries were republicans, and by their principles committed to the idea that sovereignty was popular and collective, not located in a single individual. The role of leadership was conceived quite differently. Those few figures who are well known— the 18th century Dessalines, the 19th century Mazzinis, the 20th century Nelson Mandelas, are not the key republicans who dreamed, planned, and constructed these revolutions, step by step, year by year. The essential work in the creation of republics through revolutions was, and still is, anonymous and involves large bodies of organised cadres. Further, this anonymity is intentional. The work to create free republicans is a pattern of practice as much as it is a tradition of thought, and anonymity is the essence of virtuous republican practice.

Another reason for the neglect of this revolutionary republican tradition of popular sovereignty is that these republicans are excluded from the traditional historical narratives, almost all of which are centered around the nation-state. Their activities were transnational and unbounded by national frameworks, which is how most studies on the creation of modern democracies have been, and continue to be written. For example, if you look at the 19th century revolutionary project in Europe, or the anti-colonial movement in the second half of the 20th century, you will find the majority of texts and pamphlets of the dozens of organizations in any country, and their principles, charters, and oaths, all locate the fight for the establishment of free republics as an international project, and not a national one.

Marxist historiography has also maintained a hegemonic interpretation and representation of the republican left, misrepresenting republicans with some contempt, as 'romantics', or 'utopians', and most of the literature today parrots that view. Indeed, both Marx and Engels sought to destroy the reputations of their republican revolutionary contemporaries in this manner: they were their natural rivals on the left, and in their day republicans were far more popular with all tiers of society, especially with the working classes.

Another central reason is that the participants' writings are scattered, much of them technical and strategic, or published in small popular or underground pamphlets and journals that have long disappeared. The precariousness of their lives, their desperate situations, and for many even the manner in which they died has meant that much of their work has been lost. Indeed, the best historical and conceptual work currently being carried out in South Africa, Palestine, and elsewhere on revolutionaries and revolutionary movements of the 1960s through 1980s is being retrieved *via* oral histories of old cadres.

Some have argued that the kind of moral vision upon which these revolutionaries rested had fragmented by the end of the eighteenth century. As MacIntyre states in *After Virtue*:

‘...republicanism in the 19th century *is* the project of restoring a community of virtue, but it envisions the project in an idiom inherited from Roman rather than Greek sources and transmitted through the Italian Republics...(it) articulates one aspect of the republican tradition, but only one.’

Yet contrary to his belief that this restoration of the epic republican tradition is no longer possible, a powerful and vibrant strand of revolutionary republicanism continued to flourish in Europe and the rest of the world throughout the 19th and 20th centuries.

The essential features in this tradition could be usefully highlighted. Central to its identity are a number of myths about man, society, war, liberty, equality, fraternity, patriotism, and nationalism. For example, the myths of liberty, equality and fraternity that emerged at the time of the French Revolution were relied upon by republicans throughout the Caribbean and Latin America in their revolutions in the late eighteenth and early nineteenth centuries, as well as in Europe during the Polish insurrections and Spring of Nations of 1848. More specifically, particular notions of slavery that were drawn upon when establishing conceptions of liberty amongst a broad variety of republican movements had a profound influence on the way the tradition coheres.



Tahrir Square, 2011. Image: Jotman Jots

It is also a tradition in that its aims and objectives are defined within generations, as well as transmitted across them. In this sense, the tradition is embedded in patterns of thought and moral codes which directly inspired the participants to action. Ideologies do not merely develop as systems of abstract ideas, but are embedded in concrete social practices. Accordingly, this collective work to create revolutions, and the revolutions themselves, provide a furnace of ideas that shaped the republican tradition more than

anything else: these mechanisms, these virtues, these practices, all define the collective endeavour to build republics.

These revolutionaries are something of a lost tribe because the philosophical and conceptual foundations they rest upon – as we saw with Hannah Arendt – are still presented as mysterious. The tendency has been to interpret a violence-based morality either as a dangerous type of radicalism (which could find its feet only in absolutist or totalitarian models of thought), or to conflate heroic and epic narratives and practices with mysticism, nationalism, fascism, and quasi-religious or proto-Marxist doctrines. All these interpretations deny the lived experience of revolutionary republicans who organised for long periods and at extreme costs to overthrow tyrannies, and more often than not succeeded. They did so in an articulate, extremely well organised, and purposive way, and for realisable ends - in their developed theories of overturning injustice, in their sophisticated collective organisations created for collective freedom. Above all, this revolutionary republican tradition of popular sovereignty was fashioned in response to concrete political predicaments, which are still with us today – the experience of oppression, subjugation, and political domination.

This article is based on the author's keynote lecture at the 2013 conference of the Association for the Study of Ethnicity and Nationalism (ASEN) at the London School of Economics.

Afterword: Clearing a Path to the Future

~ James Meadway

The End of History?

It is twenty-five years, this November, since the Berlin Wall fell. [Francis Fukuyama](#), then a US State Department official, gained instant fame – if not notoriety – by moving, with particular haste, to declare this moment the “end of History”. Capitalism – specifically, the liberal, democratic capitalism of the west – had defeated all alternative ideological choices. It could supply something that its competitors never could: a means of providing not just material goods – the contrast between the empty shelves of the east and the consumer abundance of the west was glaring – but something far deeper: a means of bringing into reconciliation the immutable conflicts over identity that have shaped humanity’s time on earth. By providing the institutional forms in which identities could be shaped, exercised, and prevented from entering self-destructive war, the liberal state of the West was the universal form into which all other states would evolve.

Widely ridiculed, and still more widely misunderstood, Fukuyama was no simple apologist for George W. Bush’s “New World Order”: his argument drew on a particular reading of [Georg W. Hegel](#), interpreting the struggle for recognition as the motor of progress in history. Allied to the powerful drive to control nature represented in modern science, the shape of the world after Communism (argued Fukuyama) was, in its essentials, already determined.

It is easy, now, to dismiss these arguments. Those few decades since have provided a continual succession of seeming disproofs, from 9/11 to the uprising in Ukraine. Fukuyama himself is today significantly less confident about the future, now seeing in the development of science the potential for civilisational disaster. Climate change, the unintended consequence of unbridled development, threatens to profoundly reshape much of what is taken for granted as stability and prosperity even in the calmest of societies. The failings of liberal capitalism, enumerated but essentially dismissed by Fukuyama at the time, from environmental destruction to ballooning inequality, look sufficient to overwhelm whatever merits may be claimed for it.

And yet the presence of a genuine, systemic alternative to that capitalism still eludes its critics. Protest movements and uprisings have shaken and even toppled regimes in the last few years. The crash of 2008 revealed, in the starkest way possible, that one of Fukuyama’s engines of progress, the market mechanism, could catastrophically fail. Societies like Britain have, for the last five years, seen the engine apparently thrown into reverse: year after year, median incomes have fallen and fallen again, the longest sustained decline in living standards for the majority since Queen Victoria was on the throne.

Despite all this, and despite the many confident expectations of the system’s critics, the mechanism is still there. There has been no fundamental reshaping, anywhere, of the market machine, however loud its critics have become. The sudden (perhaps shocking) reappearance of the state as an economic actor – after years of denial about its capacities – in the immediate

aftermath of the financial crash, bailing out banks to the tune of trillions, did not in any way lead to a change in the fundamentals. The Last Men, Fukuyama's inhabitants of the end of History, who, following Nietzsche, remain serenely unbothered by grand struggles or great drama, appear as unruffled as ever. If the system's supporters lack a certain confidence, they at least remain where they are: in charge. Its opponents seem incapable of formulating a challenge to their rule.

The Republican Challenge

That a challenge is necessary is, of course, taken as read by the contributors to this volume. But they suggest it needs to be a different sort of challenge, or a challenge mounted on different terrain, to those the left has currently made. The incapacity of the left to overcome the end of History is tied to its own, very specific, historical circumstances. If the current path forwards is blocked – and it would certainly seem that it is – perhaps we need to go back, and think about taking a different one. What the essays here present is a set of arguments about how some routes, otherwise somewhat sidelined by the majority of the progressive movement, can be brought back into the centre of a strategy for the humane transformation of society. “Republicanism”, defined here as the traditions of popular sovereignty and civic participation, offers one means to do so. What we have grown used to is just one version of how a left could define itself, based around the role of the state as a guarantor, and a particular type of citizenship associated with that; a new left could draw on different traditions.

Karl Marx, indeed, recognised the immense value of the co-operative movement, as Joe Guinan here notes. Marx's address to the [First International](#) in 1864 sings the praises of the co-operative movement, a “victory of the political economy of labour over the political economy of property.” Marx looked to a day when these workers' co-operatives and new forms of ownership would spread to cover the whole of society, following this early lead. Alex Gourevitch, in his essay, details how republican themes shaped the early US labour movement; Royden Harrison's *Before the Socialists* made a similar case for its UK counterpart.

This now constitutes something of a lost tradition, at least for a left that grew up in the happy shadow of what is the left's greatest achievement to date: the post-war welfare states that, in western Europe at least, capped a century of struggle by its labour movements. These were not presented in some act of generosity: “If you do not give the people social reform,” noted the future Conservative Cabinet member, Quintin Hogg, in 1943, “they are going to give you social revolution.” The British Conservatives, like their conservative and Christian Democratic counterparts across the continent, speedily abandoned their commitment to pristine free market ideals and accepted the new social order.

This is not to argue the order was perfect: far from it. For the UK, the same government that oversaw the introduction of such sweeping changes as the National Health Service, the welfare state, nationalisation of essential industries also oversaw Britain's pursuit of the atomic bomb and a bloody colonial struggle in Malaysia. France embarked on a series of still more

desperate wars to retain its former colonies in Indochina and Algeria, the struggles over which poisoned its domestic politics. It took de Gaulle to admit defeat in both.

Conservatism, which had, across much of the continent, disgraced itself in supporting fascist regimes, was by no means seen off. It adapted itself to changed circumstances; the drive to transform society was everywhere corralled and rendered as far as possible. The old order in Europe, which had dragged the continent into two exceptionally bloody wars in the space of twenty years, was on its last legs. Its states and its legitimacy were shot to pieces. In the east, a particular form of reordering, grossly skewed to the demands of the Russian state, was imposed. For the west, it took the accommodation of systemic challenges to enable anything like legitimacy to be restored.

No Return to the ‘Spirit of ‘45’

What emerged was a compromise with the state by its organised critics: something more than a non-aggression pact, a recognition of mutual rights within a framework that still contained the core elements of capitalism. Welfare provisions, and a deepening of state direction over the economy at the level of the nation were supported by an international order, drawn up, in its essentials, in the Bretton Woods conference of 1944, that strove to restrain capital and regulate its worst excesses.

In the UK, the particular form of state control adopted was developed from earlier experiments in “municipal socialism” – [Herbert Morrison](#)’s 1930s stewardship of London Transport in particular. This stressed managerial prerogatives as the means to achieve efficiency; it meant, as Ken Loach’s recent *The Spirit of ‘45* detailed, both the assumption of passive consumers and a docile, subordinate workforce. Nationalisation in practice changed the title deeds, but did not change who was in control. Welfare provisions were structured on similar lines: the existing state, with its particular set of hierarchies, simply expanded its sphere of operations.

These changes appeared during an unprecedented period of prosperity – Eric Hobsbawm’s “Golden Age” in a twentieth century otherwise marked by war and social disaster. Capitalism, in its historic heartlands of western Europe, North America, and Japan, grew as never before – or since. The proceeds of that growth fell more evenly than ever before: real living standards, for the great majority, improved and went on improving. “You’ve never had it so good,” was a slogan on which an election could be won. The mechanisms put in place to drive some redistribution operated effectively.

The institutions established during that period remain with us, as do the organisations most closely associated with their creation – the trade unions and the social democratic parties. But both look dangerously trapped in their own past. Austerity, across the continent, whether imposed by the EU or freely entered into, as the UK’s Coalition did, is reshaping states and therefore societies. It is, as David Cameron made clear, only tangentially related to the need to repay state debts – debts themselves very largely the result of the financial crash. “Permanent austerity” is the order of the day: a resetting of the relationship between state and citizens to deal with straitened new circumstances. Competition from the east, rising raw materials and energy

costs, an aging population: all have been offered as reasons to close down the brief period of social democratic advance.

From Sharing Spoils to Shared Control

The economist [Thomas Piketty](#), analysing two hundred years of raw data, has showed that we are at the end of the great process of restoring and sharing society's spoils. The post-war world lessened capitalism's deeply embedded drivers towards gross inequality – that the returns to the ownership of capital exceed the rate of economic growth. But it did not remove them. The old order of capitalism is being reasserted; worse, this old order is appearing when the motor of capitalism – its ability to produce continual economic growth – seems to be grinding, slowly, to a halt. [Robert Barro](#) has speculated on the uniqueness of the previous 250 years of growth – that we lived through an historical aberration, and may now have to look forward to a world in which low-to-zero growth is the norm. The consequences, as he suggests, will be enormous: if capital retains its intense, competitive dynamic, but the system as a whole is not growing, the stage is set for a brutal conflict. Each unit of capital is driven to grow, but can only do so by taking from elsewhere in the system – a zero-sum game that will force a redistribution from the majority to the 1%. Conflicts over the distribution of society's resources, apparently buried (or at least mitigated) by the post-war institutions, will return with a vengeance. Those same institutions, under the pressure of decline, are now being turned from support for society into a brutal form of coercion, whether through the bedroom tax or the disability living allowance.

We need, instead, a different form of ownership – one that breaks with both the failures of the Morrisonian ideal of state control, and of the failures of capitalism. We need to change the form of ownership to break the inegalitarian drive of capital as such – of the competitive need to squeeze the maximum possible monetary return from an asset, irrespective of its consequences. Collective and community ownership of wealth, highlighted by Stuart White in his second essay and by Angela Cummine on the sovereign wealth funds, are one part of that. But we need, too, to recognise that ownership is not enough. If it taught us nothing else, the crash should have revealed this much – owning a bank is not enough to prevent it behaving exactly as badly as it always did. RBS is largely in public hands. It behaves as if the public did not exist. *Control* matters, and it is here that the themes of the great post-crash protest movements, from Occupy to the indignados, come to the fore. Forms of popular democracy, as experimented with in the occupations of the squares and public spaces, can be extended to society's common resources. The establishment of different priorities, beyond the blind imperative to growth and maximum cash returns, will require mechanisms by which they can be found and built-in. Democratic workplaces, community ownership, popular regulation: all might be suitable. We are not, yet, able to end the end of History. But we might, slowly, begin to clear a path to the future.

'...as regards wealth, ... no citizen should be rich enough to be able to buy another, and none so poor that he has to sell himself...'

Jean-Jacques Rousseau

Christopher Betts, trans., *Social Contract*, Book 2, Chapter 11, Oxford University Press, 1994 [1762].

'The negative, the tearing down, can be decreed; the building up, the positive, cannot. New territory. A thousand problems. Only experience is capable of correcting and opening new ways. Only unobstructed, effervescing life falls into a thousand new forms and improvisations, brings to light creative force, itself corrects all mistaken attempts.'

Rosa Luxemburg

'The Russian Revolution', in Peter Hurd and Kevin B. Anderson, eds., *The Rosa Luxemburg Reader* (New York, Monthly Review Press, 2004 [1918]), p.306.

'The social problem of the future we considered to be, how to unite the greatest individual liberty of action, with a common ownership of the raw material of the globe, and an equal participation of all in the benefits of combined labour.'

John Stuart Mill

Autobiography, Harmondsworth, Penguin, 1989 [1873], p.175.

'It is not charity but a right, not bounty but justice, that I am pleading for.'

Tom Paine

Agrarian Justice, in Michael Foot and Isaac Kramnick, eds., *The Thomas Paine Reader*, Harmondsworth, Penguin, 1987 [1797], p. 482.

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[7] See Thompson E.P., 'Time, Work-Discipline, and Industrial Capitalism', *Past and Present*

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[8] 'The abstract category 'labour,' 'labour as such,' labour *sans phrase*, the point of departure of modern economics, thus becomes a practical fact only there [in the USA as the most modern form of bourgeois society].' See Marx K., 'Introduction to a Critique of Political Economy', appendix to Marx, K., translated by S.W. Ryazanskaya, *A Contribution to a Critique of Political Economy*, London, Lawrence and Wishart, 1971, p.210 ; also available at <http://www.marxists.org/archive/marx/works/1859/critique-pol-economy/appx1.htm>.

[9] *Idem*, p.89.

[10] *Ibid.*, pp.328-9.

[11] Ledru-Rollin, 'discourse on the debate over the labour law in the Assembly in 1848', in J. Garnier (éd.), *Le droit au travail à l'Assemblée, recueil de tous les discours prononcés dans cette mémorable discussion*, Paris, Guillaumin, 1848, p. 123.

[12] The two terms have similar usage but are offset in time: 'association' is a term in use until 1848, but 'co-operative' takes over beginning in the debates in the Second Empire. It allows its proponents to avoid confusion with the term 'association', discredited partly by the National Workshops in 1848.

[13] See Agulhon, M., translated by J. Lloyd, *The Republican Experiment : 1848-52*, Cambridge, Cambridge University Press, 1983 [1973]. The history of 1848, according to M. Agulhon, is structured by the opposition between two versions of the Republic: February 1848 and June 1848. This historical tension is constitutive of two republican models that, according to him, still shape our political modernity: a political model and another, more social model.

[14] This won its author both condemnation and imprisonment. On the context of the release, the trial, and the importance of the work for republicans, see: Sudhir Hazareesingh, 'The Ambiguous Republicanism of Étienne Vacherot', *Intellectual Founders of the Republic: Five Studies in Nineteenth-Century French Republican Political Thought*, Oxford, Oxford University Press, 2001, pp.129-65.

[15] Vacherot E., *La Démocratie*, Chamerot, 1859-60, p. XVII.

[16] *Idem*, p.151.

[17] The verb 'to democratise' made its appearance precisely in these years; Vacherot uses it in *La démocratie*, taking care to excuse the neologism: 'it is possible to *democratise* (if we excuse the barbarism)', *Ibid.*, p.272.

[18] *Ibid.*, p. 183.

[19] *Ibid.*

[20] Cernuschi H., *Illusions des sociétés coopératives*, Paris, Librairie internationale A. Lacroix, Verboeckhoven et Cie, Guillaumin, 1866.

[21] This first synthesis is an example of a field of study that is in the process of developing, dating from 2006. See *Politics, Philosophy & Economics*, June 2006, Vol. 5, N°2, including Dagger, R., 'Neorepublicanism and the Civic Economy', pp.151-173.

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[i] He was quoting loosely from Aldo Leopold's *A Sand County Almanac*. "A thing is right when it tends to preserve the integrity, stability, and beauty of the biotic community. It is wrong when it tends otherwise." (New York: Oxford University Press, 1966).

[ii] Marjorie Kelly, *Owning Our Future: The Emerging Ownership Revolution*, Chapter 7, "The Island," San Francisco, CA: Berrett-Koehler Publishers, 2012. Also John Abrams, *Companies We Keep: Employee Ownership and the Business of Community and Place*, White River Junction, VT: Chelsea Green Publishing Co., 2008.

[iii] Corey Rosen, National Center for Employee Ownership, letter to editor in *Wall Street Journal*, September 11–12, 2010.

