

# The Left Alternative



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## *Preface for another time*

The world remains restless. It has not despaired of finding a better way to fulfill the central promise of democracy, which is to acknowledge and to equip the constructive genius of ordinary men and women. The ambition motivating this search is not merely a desire for greater equality; it is the demand for a larger life. Such a life must grant people more than a modest prosperity and independence, and more than relief from the extremes of poverty, drudgery, and oppression, although these goals continue to be beyond reach for most human beings alive today. It must offer as well an ascent toward the experience of self-possession and of self-making that has played so central a role in the Christian, romantic, and

liberal background to our secular ideologies of emancipation.

For a long time, the worldwide popular romantic culture, with its formulas of deception and inspiration, has joined what survives of these liberal and socialist ideologies to set the whole world on fire. The Left, however, has failed in its responsibility to continue this transforming work. In fact, the Left is lost. The aim of this book is not to denounce or to explain this disorientation. It is to propose a way to overcome it.

There are now two main Lefts in the world. A recalcitrant Left seeks to slow down the march to markets and to globalization, to which it offers no alternative. It wants to slow the march down in the interest of its historical constituency, especially the organized labor force established in the capital-intensive sectors of industry. This part of society, a shrinking portion of the population in almost every contemporary society, has, however, increasingly come to be seen, and to see itself, as the repository of a factional interest rather than as the bearer of the universal interests of mankind.

A Left that has already surrendered accepts the market economy in its present form and globalization on its current course as unavoidable and even as beneficial. It wants to humanize them. To this end, it deploys compensatory redistribution through tax-and-transfer policies. It has no program, other than the

program of its conservative adversaries, with a humanizing discount.

We need a third Left, bent on democratizing the market economy and on deepening democracy. That missing, reconstructive Left would insist on redirecting the course of globalization to make the world safer for a plurality of power and of vision and for the national experiments on which our success in achieving greater inclusion, opportunity, and capability largely depends. It would propose to reorganize the market economy as a setting for socially inclusive economic growth. In pursuit of this goal, it would work toward the experimental coexistence of different regimes of private and social property, as well as of different ways of relating governments to firms, within the same market economy. It would defend a system of public education that equips, informs, and frees the mind by a method of teaching at once analytic, dialectical (proceeding by a contrast between points of view), and cooperative. It would insist on reconciling local management of schools with national standards of investment and quality. It would refuse to allow our moral interests in social cohesion and solidarity to rest solely upon money transfers commanded by the state in the form of compensatory and retrospective redistribution. Instead, it would affirm the principle that everyone should share, in some way and at some time, responsibility for taking

care of other people outside his own family. Such a Left would further commit itself to building a democracy more useful to our strongest moral and material interests than the versions of democracy that exist today. This deepened democracy would adopt arrangements that raise the temperature of politics – the level of civic engagement – and that quicken the pace of politics – the facility for the resolution of impasse. By such devices, it would enable contemporary societies to make themselves more distinctive, in accordance with their understanding of their interests and ideals rather than to continue sinking into an impotent and angry will to difference. It would weaken the dependence of change on crisis. As a result, it would ease the path to the policy and institutional innovations that are required for socially inclusive economic growth to take hold. This book sketches and defends a program for a Left defined by these ambitions.

An intellectual basis for such a Left exists today only in fragments and anticipations. The argument of this book has as one of its starting points a repudiation of many of the premises of the social theories – Marxism first among them – that have exercised the greatest influence on the Left over the last hundred and fifty years. Moreover, the argument begins from a belief that those theories rarely embraced: the practical



importance of the alliance between transformative politics and programmatic thought.

It is not enough to collect small, practical ideas about what to do next in each realm of social practice and public policy. It is also important to insist on big ideas about the direction in which to move. To mark out a route and to define how to begin traveling it: that is the greatest gift of the institutional imagination, the imagination of alternatives, to transformative practice.

To give this gift today, theory cannot remain content with the models of thinking about society and history that continue to surround us on every side. It cannot allow the idea of institutional alternatives to remain entangled in the assumptions that shaped much of classical social theory: that there exists a closed list of institutional alternatives in history (such as "feudalism" or "capitalism"); that each such alternative forms an indivisible system, which stands or falls as a whole; and that law-like forces, which people cannot control and barely understand, drive forward the historical succession of such institutional systems. Neither, however, can theory acquiesce in the denial or trivialization of structural change and discontinuity in the manner of the dominant practices of social science.

The programmatic imagination required by the Left alternative needs a theory that in some respects

does not yet exist, at least not as a widely understood and accepted body of ideas. The Left cannot wait for such a theory to emerge, to develop, and to persuade. The Left has to foreshadow this intellectual orientation in its practice as well as in its proposals.

Since the time this book was first published (under the title *What Should the Left Propose?*), three events have taken place that have reinforced the need for such a program and sharpened its focus.

The first development is the world financial and economic crisis. Nothing about the discussion of the crisis is more disconcerting than the poverty of the ideas that animate it. A shrunken and mummified Keynesianism has served as the dim light by which we try to understand and to master the slump.

In the North Atlantic world, debate about the crisis has been dominated by significant but relatively limited and shallow concerns: the rescue of failed banks, the regulation of financial markets, and the adoption of expansionary fiscal and monetary policies. Three more basic problems have remained largely suppressed in the discussion: the need to confront and to overcome structural imbalances in the world economy, the opportunity to reshape the arrangements governing the relation between finance and production, and the importance of acting on the linkage between recovery and redistribution.

To each of these deeper problems, we can give a response that minimizes change in the present way of organizing a market economy. However, we can also seize on the problem as an occasion to turn the market economy into a more effective vehicle of socially inclusive economic growth. The task and the opportunity of the missing, reconstructive Left would be to provide the latter response and to combat the former.

Under present ways of organizing a market economy, production is largely self-financed on the basis of the retained earnings of firms. What then is the use of all the money in the banks and stock markets? That money is supposed to finance production and consumption. In reality, finance as now organized has an episodic or oblique connection to the productive agenda of society. We allow much of the productive potential of saving to be squandered in a financial casino.

The regulation of financial markets could serve as the beginning of a wider attempt to reshape the relation of finance to production so that more of long-term savings are put to productive use. Such a reshaping could in turn trigger broader experimentation with the institutional forms of a market economy, to the benefit of greater inclusion and opportunity.

Recovery and redistribution can advance together. In the United States, the epicenter of the present crisis, the expansion of a mass-consumption market over the

course of the second half of the twentieth century failed to be accompanied by a continuing and progressive redistribution of income and wealth. A bout of progressive redistribution occurred in the aftermath of the Second World War. In the closing decades of the twentieth century, however, the country witnessed a stark concentration of income and wealth.

How was this concentration reconciled with the requirements of mass consumption? Part of the answer to this question lies in an escalation of household indebtedness that was made possible by the use of overvalued housing stock as collateral. A pseudo-democratization of credit — a credit democracy in place of a property-owning democracy — took the place of a progressive redistribution of income and wealth. The crisis provides an occasion to reject this fragile replacement and to insist on the linkage between recovery and redistribution. Effective and lasting redistribution would need to result more from a broadening of economic and educational opportunity, achieved through institutional innovation, than from tax policies and transfer programs. The point is to influence the original distribution of wealth and income by reorganizing the market economy, not just to try to correct, after the fact, what the market, as now organized, has done.

If the Left has a proposal, the crisis will be its moment. If the Left fails to develop a program, the

crisis will confirm its intellectual as well as its political failure.

A second event has been a change of direction in the most powerful country. The United States is now undergoing one of its periodic moments of inflection. The new administration may move within a very restricted horizon of ideas and ambitions. The society beneath asks impatiently for more than those ambitions and ideas can accommodate.

One of the enabling conditions of the long conservative ascendancy in American politics in the second half of the twentieth century was the failure of the Democratic Party, ever the party of the progressives, to come up with a compelling sequel to Franklin Roosevelt: a program able to respond to the felt needs and aspirations of the white working-class majority. Another presupposition was the success of the conservatives in combining, against the background of this dearth of alternatives, concessions to the material interests of the moneyed classes with appeals to the moral anxieties of the moneyless and indebted classes.

Now was the time for a progressive position that would break with the two main traditions of progressive politics in American history. The first was the tradition of defense of small-scale property and small business against concentrated economic power. The second was the tradition of acceptance and of regula-

tion of big business by a strong national government. The keystone of a third tradition would be innovation in the institutional arrangements defining both the market and democracy.

Such an advance would, however, require a change in consciousness as well as a reform of institutions. It would force Americans to lift the exemption from experimentalism that they have usually granted to their institutions. It would demand that they cease to commit the sin of institutional idolatry that has tainted their political culture: the beliefs that they discovered the essential formula of a free society at the time of the foundation of the Republic; that this formula needs only to be adjusted from time to time under the pressure of trouble in the forms of foreign danger or economic distress; and that the rest of humanity must either conform to the formula or fall behind.

Where in the United States today is the Left that can speak in the voice of the missing alternative?

A third development that took place in the years following the original publication of this book may be less dramatic than the other two. It is, however, no less significant in its consequences for the world and in its implications for the Left. That is the growing power, self-awareness, and joint action of four countries: China, India, Russia and Brazil. Together, they

now account for close to 15 percent of world GDP, over 40 percent of world population, and over a quarter of the land mass on the planet.

Will they continue to resign themselves to the present forms of the market economy and the established course of globalization? Or will they revolt and inspire, by virtue of their initiatives, a world politics bearing the imprint of the Left alternative?

The international economic and political regime built in the aftermath of the Second World War and throughout the second half of the twentieth century has tended to impose a narrowing funnel of institutional possibilities on the whole world. The votaries of this regime have not waited for the institutional convergence, described and prophesized by the dominant ideas. They have fought to establish and accelerate institutional convergence as a condition of an open world economy as well as of peace and security among states.

Humanity, however, has reason to resist the formula that they would impose on it. The achievement of the goals that enjoy the widest authority today, including the aim of socially inclusive economic growth, requires us to broaden the limited set of institutional alternatives that are now on offer. Those who seek to enforce an institutional formula, in the name of economic openness and political security, risk turning the enemies of the formula into adversaries of the security and the openness.

Nowhere is this problem more clearly presented than in the evolution of the world trade regime. Under the aegis of the World Trade Organization, that regime has evolved in the direction of an institutional maximalism: the imposition on trading countries not just of a commitment to a market economy but also of conformity to a particular variant of a market economy. For example, the restrictive rules increasingly incorporated into the trade agreements outlaw, under the label "subsidies," almost all the forms of strategic coordination between governments and firms that the countries now rich, with the sole possible exception of Britain, used to become rich.

Similarly, to take another example among many, those rules include in the definition of a market economy a system of intellectual property, the patent system, that represents a relatively recent invention and that threatens to leave many of the technologies of greatest value to mankind in the hands of a small number of private multinational businesses. It is in the public interest to try out and to develop other ways of encouraging, financing, and organizing technological innovation. Such arrangements would cease to rely on the proprietary and exclusionary means of the patent laws.

That open world trade need not be organized as it is being organized today can be shown by the institutional minimalism that marked the prior, GATT regime. The commanding principle of that earlier



dispensation was to reconcile a maximum of economic openness with a minimum of limiting rules, especially rules regarding the way to organize a market economy. The BRIC countries have more than a shared stake in seeing institutional minimalism established as a foundation for universal free trade; they also have the power to begin acting to this end.

People around the world want more, not less, space for alternatives, for contrasts, for divergence, for experiments, for heresies. They will not be able to get what they want without rebuilding international economic and political arrangements in the service of a greater pluralism of power and of vision.

Such an effort has a natural ally in a potential for resistance that the BRIC countries have barely begun to tap. The Left alternative would provide one perspective from which to interpret that potential. The association of the Left alternative with resistance to the formula by China, India, Russia and Brazil would help turn this alternative into a universalizing heresy rather than into a collection of local, national heresies. It would establish the alternative as a movement in world politics.

In China, India, Russia and Brazil – each a world unto itself and, for that reason alone, a natural seat of resistance – the will to resist has been inhibited, although never fully suppressed, by a collapse of imagination. In China and Russia, the failure of

imagination has been aggravated by a denial of democracy. In all four countries, as in much of the world, it has proved impossible to act on the bond between national reconstruction and international pluralism without rejecting the ideas that emanate from the academic as well as from the political and economic authorities of the North Atlantic democracies. The intellectual servility that remains widespread in each of the BRIC countries serves as a surprising and proximate cause of their resignation to the present world order.

The association of the national interest of these four countries with the Left alternative would change the world situation decisively. It is an association that depends on a combination of thought and politics, of theory and practice.

Today when someone makes proposals for social reconstruction, such as those in this book, that are distant from the established order, people are likely to see them as interesting but utopian. If, however, the proposals remain close to what exists, people will be tempted to say that they are feasible but trivial. In the present climate of opinion, everything that can be proposed by way of alternatives stands a good chance of being dismissed as either utopian or trivial.

This fake dilemma arises from a misunderstanding of the work of the programmatic imagination as an

instrument of transformative politics. It is not about blueprints; it is about pathways. It is not architecture; it is music. The two most important aspects of a proposal are the marking of a direction and the definition of the first steps by which, from where we are today, we can move in that direction. We can formulate any proposal worth thinking about either at points that are relatively close to how things are now or relatively far away.

The trajectory matters more than the proximity to the present circumstances, except in so far as we undertake the second most important work of programmatic thought: the choice of the next steps. The possible that counts is not the fanciful horizon of possibilities but the adjacent possible: what is accessible with the materials at hand, deployed in the pursuit of movement in the desired direction.

The false dilemma that besets our programmatic arguments is now enhanced by another problem. We have ceased to believe in the world-historical narratives that professed to explain how and why large systems of organization and consciousness change through history. We are unable to obtain from the contemporary positive social sciences, with their overriding impulse to rationalize present arrangements, much useful insight into structural change. Denied such light, we fall back on a bastardized standard of realism: nearness to the existent. According to this

standard, a proposal is realistic to the extent that it remains close to the way society is organized now.

The paralysis of the programmatic imagination encourages the mistaken belief that the best for which we can hope is a marriage of American-style economic flexibility and European-style social protection within the narrow range of institutional options that are now available in the world. The repertory of these options has become the fate of contemporary societies. To enlarge that repertory is to rebel against this fate.

The core of what it means to be a Leftist today must be to insist on this rebellion, in the service of an attempt to give ordinary men and women a better chance for a bigger life.

*August 2009*

# *The dictatorship of no alternatives*

The world suffers under a dictatorship of no alternatives. Although ideas all by themselves are powerless to overthrow this dictatorship we cannot overthrow it without ideas.

All over the world, people complain that their national politics fail to deliver real alternatives: especially alternatives that would give new meaning, new life, and new efficacy to the old progressive idea of a better chance for everyone – a chance to ensure the moral as well as the material necessities of life, a chance to work and to be cared for when one cannot work, a chance to engage in the affairs of one's community

and one's society, a chance to do something with one's life that has value in one's own eyes.

Is it possible to suggest a way forward in a short space? And to do so in a manner revealing the similarities as well as the differences between the way forward for richer and for poorer countries? I believe that it is possible, and that it must be possible in brief if it is possible at all.

Many countries are now governed by people who would like to be Franklin Roosevelt, and who do not know how. Many others are ruled by people pandering to the interests of big business and to the desperate and inverted resentments of a working-class majority that feels abandoned and betrayed by the would-be Roosevelts. The self-described progressives appear on the stage of contemporary history as the humanizers of the inevitable: their program has become the program of their conservative adversaries with a falling discount. They disguise surrender as synthesis – for example, of social cohesion with economic flexibility. Their “third ways” are the first way with sugar: the sweetener of compensatory social policy and social insurance making up for a failure to achieve any fundamental broadening of opportunity.

The calamitous ideological adventures of the twentieth century are spent. No global ideology with the worldwide authority of classical liberalism or socialism has yet arisen to take their place and to contest the

arrangements now associated with the rich North Atlantic democracies and with the ideas emanating from their universities. With this surprising silence of the intellect and with the consolidation of the American ascendancy, an unquiet order has descended upon the world. Wars are local: punitive expeditions by the remaining superpower against those who defy it, or products of extreme oppression and desperate resistance in disunited countries, under the yoke of despotic governments. No economic collapse seems likely – given the resources of economic management within countries and of economic coordination among them – that could rival in magnitude the economic disaster of the 1930s.

The great European social theorists – Karl Marx first among them – identified the internal dynamics of societies – the revelation of inescapable conflicts and missed opportunities – as the proximate cause of their transformation. These thinkers were mistaken. War and economic collapse have been the chief levers of change; catastrophe – unforeseen and uncontrolled – has served as the midwife of reform.

The task of the imagination is to do the work of crisis without crisis. However, the high academic culture of the rich countries, with its glittering worldwide prestige and influence, has fallen under the control of three tendencies of thought that help prevent this work from being done. Although the

votaries of these three tendencies often regard themselves as adversaries and rivals, they are in fact partners. In the social sciences – especially in the most powerful, economics – rationalization rules: the explanation of the workings of contemporary society becomes a vindication of the superiority or the necessity of the arrangements now established in the rich countries. In the normative discourses of political philosophy and legal theory, humanization is in command: the justification of practices, such as compensatory redistribution by the State or the idealization of the law as a repository of impersonal policies and principles, that would make life less harsh for the poorest or the weakest. The most admired theories of justice place a gloss of metaphysical apology on the practices of redistributive tax-and-transfer adopted by the conservative social democracies of today. In this way, the humanizers hope to soften what they no longer know how to change or remake. In the humanities escapism is the order of the day: consciousness takes a ride on a roller coaster of adventure, disconnected from the reshaping of practical life. We are taught to sing in our chains. The silent partnership of these rationalizing, humanizing, and escapist tendencies in university culture leaves the field open for forms of practical political thinking that are as deficient in insight as they are bereft of hope.

In the United States, the Democratic Party, ever the



instrument of American progressives, has failed to produce a practical and attractive sequel to Roosevelt's program, or to make up for the absence of economic ruin and world war as incitements to reform. Much of the white working-class majority of the country holds the policies favored by the Democrats – to the extent these policies differ at all from those advocated by the Republicans – to be products of a conspiracy between some of the rich and many of the poor to promote the moral interests of the former and the material interests of the latter at the cost of their own values and advantages. They see little in the shrunken governmental activism favored by the would-be progressives that addresses their interests and much – especially by way of apostasy from the religion of the family – that offends their ideals. Better to mitigate their losses by cutting the federal government down to size.

The result of the divorce in the preponderant world power between the white working-class majority – a group that thinks of itself as “middle class” – and their would-be champions is fateful for the entire world. Its consequence is to aggravate a circumstance without precedent in modern history. When, during the earlier, nineteenth-century episode of globalization Great Britain and the other European powers exercised a dominance less complete than the one the United States enjoys now, the ideological debates that

resounded throughout the world were reflected, indeed anchored, within the most advanced countries. Now the hegemonic power is not in imaginative communion with the rest of humanity. Its leaders, its thinkers, and its population look out and see a world that will continue to be dangerous, poor, and unfree, unless it converges to the same institutional formula by which they believe themselves blessed.

The rest of humanity, full of admiration for the material exuberance and personal space enjoyed by Americans, curses in response, ill concealing the thought that it must ultimately choose war if the requirement of peace is surrender. The commanding beliefs of the American people – that everything is possible, that vast problems can be solved if broken up into pieces and addressed one by one, and that ordinary men and women contain within themselves, individually and collectively, the constructive genius with which to craft such solutions – now find themselves without adequate practical expression.

The richest and freest part of the world has shown two faces to the rest of humanity. European social democracy has seemed to provide an alternative to the harshness of the American model; if the world could vote it might vote to become Sweden rather than the United States – a Sweden of the imagination. In the meantime, however, the heart has been going out of

historical social democracy. Under the disguise of an effort to reconcile European-style social protection with American-style economic flexibility, social democracy has given up, one by one, many of its traditional traits, and retreated to the last-ditch defense of a high-level of social entitlements.

This eviscerated version of social democracy can neither address the problems of contemporary European societies nor bear the weight of humanity's hopes. In Europe itself, the erstwhile progressives appear as chastened votaries of the ideas of their neoliberal opponents. In many countries, they find their proposals for reform repudiated by an electorate that is offered no real alternatives and that is told by the political and academic authorities that none exist.

When we now turn to the world outside the North Atlantic haven of relative freedom and prosperity, we see only fragments of feasible and attractive alternatives, unexpressed in any project – or family of projects – that could appeal to the rest of mankind. Among the most successful developing countries in recent decades have been the two most populous – China and India. Each has succeeded by maintaining a measure of resistance to the universal formulas dispensed by the North Atlantic elites, particularly Washington, Wall Street, and the universities of the United States. Each has wanted to join the global economy on terms that would allow it to organize its

national life and to orient its economic development in its own way.

However, in the great country that has been most fertile in institutional innovations – China – the scope and development of such innovations have remained subordinate to the defense of one-party rule. The role that might have been played by an alternative set of ideas has been occupied by genuflections to the dead, inherited orthodoxy of Marxism and by fascination with the new, imported orthodoxy of the market economy, as it is understood in the political, financial, and academic capitals of the North Atlantic. In India, with its flawed but vibrant democracy, resistance to this imported orthodoxy has mainly taken the indistinct form of slowness and compromise, as if the point were to take one's time in treading a path from which there is no escape. The region of the world that proved most pliant to the recommendations from the North – Latin America – has suffered a catastrophic decline in its relative position.

In history obedience rarely pays; what pays is defiance. To the question, however, about the directions defiance should take if it is to further the promises of democracy, there is not yet an answer. We see in the world a universal political-economic orthodoxy contested by a series of local heresies. Yet only a universalizing heresy would suffice to counteract a universal orthodoxy. If the heresy is merely local

in character and content it is likely to be abandoned at the first sign of trouble and pressure. If the local heresy can resist, its resistance may depend on a religiously sanctioned way of life unsympathetic to the democratic and experimentalist ideals to which progressives adhere.

It is not only for practical reasons that a universalizing heresy seems to be the indispensable antidote to the universal orthodoxy about markets and governments that now provokes such resistance throughout the world – whether in France and Germany or in Russia, Brazil, and South Africa. It is because the causes of discontent – of which the first is failure to anchor economic growth in a great broadening of opportunity – are themselves universal. It is also because the established ways of responding to that discontent are so meager and ineffective. The repertory of institutional and policy alternatives on offer for the organization of economic, social, and political life is now very restricted. If we could progress anywhere in the world – rich or poor – in expanding this institutional repertory and anchoring practical progress in a broadening of opportunity, such an advance might have implications for every country.

The attempt to achieve economic growth with social inclusion fits readily with the search for proposals that are more than local solutions to local problems. It prepares the mind for a universalizing

heresy. However, the failure to anchor practical progress in a sustained widening of opportunity is not the sole source of the present unhappiness. There is another powerful source of discontent: the complaint that the orthodoxy prevents countries or regions of the world from developing their different forms of life and ideals of civilization by denying them an opportunity to house them in distinct ways of organizing society. Because it calls for a convergence of all countries to the institutions and practices now established in the North Atlantic, as well as for convergence within that world itself, the orthodoxy seems to be the enemy of deep differences of experience and vision. The demand for pluralism, unlike the search for growth with inclusion, seems incompatible with a political and economic alternative claiming to be general in relevance and reach.

It is not. The semblance of paradox dissolves once two premises are made explicit. The first premise is that an unqualified pluralism – an openness to any form of national life, no matter how despotic and unequal – can form no part of the objective. The aim should be a qualified pluralism: to build a world of democracies in which the individual is empowered both to participate and to dissent. There is no single, uncontroversial interpretation of what a democratic society is or can become. Democratic ideals must be allowed to develop in different, even clashing direc-

tions if they are to develop at all. Under democracy the differences that matter most are those that lie in the future rather than those we have inherited from the past. Under democracy prophecy speaks louder than memory.

The second premise is that the small repertory of institutional solutions now available to humanity – the existing forms of political democracy, of the market economy, and of free civil societies – fails to provide the tools we need to develop national difference in a form compatible with democratic ideals. A particular set of innovations in the organization of contemporary polities, economies, and societies can provide them. This set of innovations – a major part of the progressive program that now needs to be advanced throughout the world – defines a narrow gateway through which humanity must pass if it is to strengthen its capacity to produce difference on the basis of democracy. To describe this gateway as it might be approached by both richer and poorer countries is the concern of this hopeful manifesto.

We cannot, however, understand this way forward unless we first grasp the nature of the obstacles with which we must contend, and of the forces and the opportunities on which we can count, in treading it.

## *The disorientation of the Left*

The Left now finds itself disoriented on four distinct grounds: a missing alternative, a missing idea world, a missing agent, and a missing crisis. To face each of these deficiencies clearly and squarely is to begin to see how they can be addressed. It is to start redefining what the Left should propose.

The Left is missing an alternative. "Dirigisme" is not the way: the idea of the governmental direction of the economy, which was already discredited, has now been made even more irrelevant by the direction of change in a knowledge-based economy. Compensatory redistribution is not enough: not enough to



redress the enormous pressures toward inequality, insecurity, and exclusion that result from the increasing hierarchical segmentation of the economy and not enough to address the concerns of social disconnection and personal belittlement that lie far beyond the range of compensatory redistribution.

Today the Left seems unable to say for what, beside the governmental direction of the economy or the redistributive attenuation of inequalities and insecurities, it should stand. If it affirms its critical attitude to the established arrangements, it seems to be hearkening back to "statism." If it contents itself with the rearguard defense of traditional social entitlements, funded by redistributive taxation and public spending, it seems drastically to narrow the scope of its ambitions while making them hostage to constraints of economic growth and public finance it does not know how to loosen.

The Left is missing a supporting set of ideas with which to rethink and to enlarge the narrow stock of institutional conceptions and arrangements to which contemporary societies are now fastened. The dominant tendencies in the whole field of the contemporary social sciences and humanities – rationalization, humanization, and escapism – conspire to disarm the imagination in its struggle to defy and to rethink established arrangements.

In the social sciences rationalization prevails: ways

of explaining the existing arrangements that seem to vindicate their naturalness and necessity. The ideas about structural alternatives we have inherited from classical social theories like Marxism remain entangled in the decaying corpse of necessitarian assumptions. These assumptions have long ceased to be believable: that there is a short list of institutional options for human societies, such as "feudalism" or "capitalism"; that each of these options represents an indivisible system, all of the elements of which stand or fall together; and that the succession of such systems is driven forward by irresistible historical laws.

The rejection of these deterministic beliefs by the contemporary social sciences has not led to a radicalization of the insights that animated classical European social theory: that society is made not given; that the structures of society and culture are a kind of frozen fighting, arising as they do from the containment and interruption of practical or spiritual strife; that our interests and identities remain hostage to the practices and arrangements representing them in fact, and that in changing these practices and arrangements we force ourselves to reinterpret the interests and identities for whose sake we set out to reform society.

To be sure, the positive social sciences delight in exploring the facility with which a society accommodates to "suboptimal solutions" or an economy gets caught in a production-suppressing equilibrium.

Nevertheless, the very instruments with which they probe imperfections deny us the means with which to imagine alternatives. Their central conceit is that experience over time reveals what works better and worse, winnowing out the less effective through a relentless quasi-Darwinian process of selection. The convergence thesis — the idea that contemporary societies and economies converge to the same set of best available practices and institutions, in a narrowing historical funnel of social variation — is simply the extreme variant of this rationalizing bias.

In the normative disciplines of political philosophy and legal thought humanization predominates. The point is to sweeten a world we cannot or will not rebuild. There are two main species of such humanization today. One species is compensatory redistribution through tax and transfer. It forms the central feature of the institutional and ideological settlement defining the historical horizon of social democracy. Many of the most influential contemporary theories of justice seek to lend philosophical prestige to these redistributive practices. The apparent abstraction of these theories — their claim to transcend the historical circumstance in which they apply — conceals their surrender to the limitations of the twentieth-century compromise from which contemporary social democracy arose.

The other species of humanization is the under-

standing of law as a repository of impersonal principles of right as well as of policies addressed to the public interest. By putting the best face on the law – the face of ideal conceptions – we hope to diminish the influence of privileged interests and to defend those groups least likely to have been represented in the politics of law making. The dominant styles of jurisprudence theorize this idealization of law as principle and policy.

The practical effect of the humanizing tendencies in the normative disciplines is to put these disciplines on the side of accepting the present institutional settlement, corrected by the prescribed improvements, rather than on the side of their reconstruction. It is to deny us the resources with which to develop the practical imagination of alternatives.

In the humanities escapist tendencies hold sway. Their hallmark is the incitement to adventures in consciousness disconnected from the practical reformation of society. The fateful parting of the ways between Modernism and Leftism in modern culture is the immediate antecedent to this divorce. Under the aegis of this disconnection between our projects for society and our projects for the self, we privatize the sublime, relegating to the interior space of consciousness and desire our most ambitious transformative project and seeing politics as the domain of modest decencies and efficiencies.

The secret message is that politics should become little so that individuals can become big. Politics, however, cannot become little without, as a result, belittling people. Desire is by its nature relational; strong impulse seeks expression in forms of common life. If politics becomes cold, consciousness will also, unless it preserves its heat in the self-destructive form of narcissism.

The champions of the rationalizing, humanizing, and escapist tendencies that dominate the social sciences and the humanities think of themselves as adversaries. In fact, they are allies in the work of disarming the transformative imagination.

The Left is missing an agent: a core constituency whose interests and aspirations it can claim to represent. Its traditional constituency was the organized labor force enforced in capital-intensive industry — Marx's "proletariat." This group is increasingly seen by society, and increasingly comes to see itself, as one more interest group with selfish, factional interests rather than as the bearer of universal interests of society. In almost every country in the world it is a shrinking part of the population, its fate tied to the declining fortunes of traditional mass production. In most of the developing countries it remains a relatively privileged part.

To the leaders of the Left there has seemed to be only one alternative to maintaining a special connec-

tion with this burdensome constituency: to dispense with any defined social base at all and simply appeal to the whole of the electorate. They have failed to rescue the idea of a special relation to the working class from the narrower loyalty that inherited doctrine sanctioned. In this failure they have been encouraged by disillusionment as well as by calculation: belief in a one-to-one relation between historical projects and group interests belongs to the discredited tradition of necessitarian thinking.

Lacking an alternative, an idea world, and a social base, the Left also lacks a crisis. Contrary to another central tenet of classical social thought, social change in modern history has been driven by the external traumas of war and economic collapse more than by the internal contradictions of contemporary societies. The political and economic institutions of these societies maintain a long distance between our ordinary context-preserving and our extraordinary context-transforming activities; they therefore continue to make transformation depend upon calamity. The institutional and ideological settlement defining social democracy today was itself forged on the anvil of the economic collapse of the 1930s and of the subsequent world war.

Crisis raises the temperature of politics, and helps melt down frozen definitions of interest and identity. Without crisis, politics becomes cold, and calculation

*The disorientation of the Left*

– in the form of reliance on conventional understandings of interests and ideals – reigns supreme. Denied the help of crisis, the Left seems condemned to a holding operation: to softening the social consequences of the program of its conservative adversaries.

## *The reorientation of the Left*

Nevertheless, there is an alternative; there is a supporting set of ideas on the basis of which we can imagine this alternative; there are real social forces that can be its constituencies; and there is a way to dispense with crisis as the enabling condition of change while seizing on the transformative opportunities with which our circumstance provides us.

The hallmark of the alternative is to anchor social inclusion and individual empowerment in the institutions of political, economic, and social life. It is not enough to humanize the social world; it is necessary to change it. To change it means to engage, once again, with the effort to reshape production and politics, from which social democracy withdrew when the



mid-twentieth-century compromise defining its present horizon was first formed. It means to take the familiar institutional forms of the market economy, representative democracy, and free civil society as a subset of a far broader set of institutional possibilities. It means to reject the contrast between market orientation and governmental direction as the axis organizing our ideological contests, and to replace it with a contrast among ways of organizing economic, political, and social pluralism. It means to root a bias to greater equality and inclusion in the organized logic of economic growth and technological innovation rather than making it rest on retrospective redistribution through tax and transfer. It means to democratize the market economy by innovating in the arrangements that define it, rather than merely to regulate it in its present form or to compensate for its inequalities through after-the-fact transfers. It means to radicalize the experimental logic of the market by radicalizing the economic logic of free recombination of the factors of production within an unchallenged framework of market transactions. The goal is a deeper freedom to renew and recombine the arrangements that compose the institutional setting of production and exchange, allowing alternative regimes of property and contract to coexist experimentally within the same economy. It means to take the overriding aim of social policy to be the enhancement of capability.

Such an enhancement would progress thanks to a form of education addressed to the development of generic conceptual and practical capacities rather than to the mastery of job-specific skills. It would advance as well as through the generalization of a principle of social inheritance, assuring each individual of a basic minimum stake in resources on which he can draw at turning points in his life. It means to advance this democratization of the market economy in the context of a practical organization of social solidarity and a deepening of political democracy. It means never to reduce social solidarity to mere money transfers. Social solidarity must rest instead on the sole secure basis it can have: direct responsibility of people for one another. Such responsibility can be realized through the principle that every able-bodied adult holds a position within the caring economy – the part of the economy in which people care for one another – as well as within the production system. It means to establish the institutions of a high-energy democratic politics: one that permanently raises the level of organized popular participation in politics, engages the electorate as well as the parties in the rapid and decisive resolution of impasse between the political branches of government, equips government to rescue people from entrenched and localized situations of disadvantage from which they are unable to exit by the normal forms of political and economic initiative,

allows particular sectors or localities to opt out of the general legal regime and to develop divergent images of the social future, and combines features of direct and representative democracy.

The guiding impulse of this Leftism is not the redistributive attenuation of inequality and inclusion; it is the enhancement of the powers and the broadening of the opportunities enjoyed by ordinary men and women on the basis of the piecemeal but cumulative reorganization of the State and the economy. Its watchword is not the humanization of society; it is the divinization of humanity. Its innermost thought is that the future belongs to the political force that most credibly represents the cause of the constructive imagination: everyone's power to share in the permanent creation of the new.

The Left can be faithful to its aspirations only if it proposes the new in a form that enables everyone to share in its construction rather than leaving this constructive power concentrated in the hands of advantaged elites. And it can succeed in this work only if it learns how to rethink and to reshape the institutional arrangements for production, politics, and social life in the persistence and authority of which conventional social democracy has always acquiesced. Such an alternative is therefore equidistant from a nostalgic State-oriented Leftism and from an eviscerated, all but neoliberal version of social democracy.

This alternative is distinguished by institutional devices applicable across a broad range of richer and poorer contemporary societies. The need to adapt their design to many different national circumstances does not negate the broad reach of their pertinence and appeal. The very general applicability of these devices helps explain both the possibility and the necessity of a universalizing heresy able to counter the universalizing orthodoxy now on offer in the world in the name of markets and of globalization.

Their generality has a three-fold root. The first root is the similarity of experience of contemporary societies after many generations of worldwide rivalry, emulation and imitation, practical and spiritual, among nations and states. The second root is the very restricted character of the ideological and institutional toolbox ready to hand to build alternatives. The third root is the all but irresistible authority a single set of revolutionary beliefs now enjoy throughout the world: beliefs that promise freedom from subjugation as well as from poverty and drudgery, and a larger life for the ordinary man and woman.

Five institutional ideas define the direction the Left should stand for today.

A first institutional idea is that national rebellion against the global political and economic orthodoxy depends for its success on certain practical conditions. These conditions include higher levels of domestic

saving than a narrow understanding of the dynamics of economic growth might justify; an insistence on finding arrangements that tighten the relation between saving and production both within and outside the capital markets as they are now organized (an insistence premised on the recognition that this relation is both variable and sensitive to its institutional setting); and a preference for a high tax take and willingness to achieve it even at the cost of the regressive, transactions-oriented taxation of consumption. The larger goal is a fuller mobilization of national resources: a war economy without a war.

A second institutional idea is the view of social policy as being about empowerment and capacity. From this idea arises the commitment to a form of early and lifelong education addressed to the development of a core of generic conceptual and practical capabilities. In very unequal societies it is not enough to guarantee basic levels of educational investment and quality; it is vital to ensure special opportunity to the talented, hard-working, and inheritance-less young. The initial aim of this use of education as an antidote to disempowerment is to broaden the present synthesis of class and meritocracy. The next goal is to dissolve class through the radicalization of meritocracy. The ultimate ambition is to subordinate meritocracy to a larger vision of inclusive solidarity and opportunity, affirmed in the face of intractable disparities of inborn talent.

A third institutional idea is the democratization of the market economy. It is not enough to regulate the market or to compensate retrospectively for its inequalities. It is necessary to reorganize it the better to make it real for more people in more ways. To this end, neither the American model of arm's length regulation of business by government nor the north-east Asian model of centralized formulation of trade and industrial policy by a bureaucratic apparatus are likely to suffice. The task will be to use the power of the State not to suppress or to balance the market but to create the conditions for the organization of more markets organized in more ways – ultimately, with distinct regimes of property and contract – and capable of coexisting experimentally within the same national and global economy.

The democratization of the market requires initiatives broadening access to productive resources and opportunities. It demands an upward tilt in the returns to labor. It is incompatible with any strategy of economic growth predicated on the share of wages in national income declining.

The aim is to produce a series of repeated breakthroughs in the constraints on economic growth. Each such breakthrough produces an imbalance inviting new breakthroughs in another aspect of the supply or the demand sides of the economy. The preference is for those breakthroughs and imbalances that have built

into them a bias toward economic inclusion and diffusion of capabilities; they help make people bigger.

The progressive interventions on the supply-side constraints move on a scale between lesser and greater ambition. The lesser ambition is to expand access to credit, technology, expertise, and markets, especially in favor of the multitude of small-scale or would-be entrepreneurs who represent in every contemporary economy a vastly under-utilized source of constructive initiative.

They have as their greater ambition the propagation of the most advanced methods of production beyond the favored terrain on which those methods usually flourish. Government and society must work to democratize the market economy in a way that also faces the dangers and exploits the opportunities presented by a momentous shift in the organization of production. Will the form of production characterized by the weakening of the contrast between supervision and execution, by the attenuation of barriers among specialized roles at work, by the mixture of cooperation and competition in the same domains, and by teamwork as collective learning and permanent innovation be confined to a privileged vanguard in communion with the other such vanguards in the world but only weakly linked to its home society? Or will governments and societies succeed in creating the conditions for the spread of these advanced experimental prac-

tices throughout much of the economy and the society, thus vastly enhancing the powers and opportunities of ordinary men and women?

Such progressive interventions on the supply side should be accompanied by initiatives that reverse the long-term decline in the participation of labor in national income and the longstanding increase of inequality within the labor force that has beset a wide range of contemporary rich and developing countries. In so doing they must also reinforce the supply-side interventions in rescuing from the twilight of the informal or illegal economy the hundreds of millions of workers – often the majority of the workforce in some of the most populous countries in the world – who are now deprived of lawful jobs.

These measures will need to take account of what is likely to prove most effective at different levels of the very unequally compensated and equipped national workforces that now exist in the world. For example, profit sharing may begin to be applied to the most advantaged workers and then be extended to larger and larger portions of the economically active population. A labor-law regime strengthening the power of organized workers to represent the interests of unorganized workers in their sectors may prove most effective at the middle range of the wage hierarchy. At the lowest levels of that hierarchy the best solution may be to give outright subsidies to the employment



and training of low-wage and low-skill labor, and to abolish all payroll charges and taxes.

None of these initiatives is inherently inflationary. In concert, and in the context of the broader democratizing and empowering project of which they form part, they promise to enhance the rights and powers of labor as well as to produce sustainable rises in the returns to labor, up to and even beyond the frontier of advances in the productivity of work.

A fourth institutional idea is the refusal to treat cash transfers as a sufficient basis for social solidarity. Social solidarity must be grounded as well on a universal responsibility to care for others. In principle everyone who is physically and mentally able must have a caring job that takes him beyond the boundaries of the family in addition to an ordinary job. Civil society must be organized, or organize itself, outside both government and the market so that it can discharge this responsibility. A form of law that is neither private nor public can supply the occasions and the instruments by which it may do so.

A fifth institutional idea is a conception of high-energy democratic politics. The educational and economic empowerment of the individual worker and citizen, the democratization of the market economy, and the foundation of social solidarity in practiced social responsibility require the deepening of democracy if they are to be sustained and taken to heart. A

sleepy democracy, woken up from time to time by military or economic crisis, is not good enough.

Such a high-energy democratic politics is both an expression of the greater freedom the program of the Left seeks and a condition for the advancement of the other four themes. It requires a sustained and organized heightening of the level of civic engagement; a preference for constitutional arrangements that break deadlock between the political branches of government quickly (when there is a regime of separation of powers) and that involve the general electorate in this impasse-breaking; innovations that reconcile the possibility for decisive choices in national politics with far-reaching experimental deviations and dissents — appeals to the future — in particular places of the national territory or particular sectors of the national economy; a determination to rescue people — through guarantees of social inheritance or of minimal income, as well as through corrective intervention by a branch of government specially designed and equipped for this purpose — from circumstances of disadvantage or exclusion they are unable to escape by their own devices; and continued advance in the effort to combine traits of representative and direct democracy.

A deepened, high-energy democracy does not seek to replace the real world of interests and of interest-bearing individuals with the selfless citizen and with the all-consuming theater of public life. It is not a

flight into republican purism and fantasy. It wants to enhance our ordinary powers, enlarge the scope of our ordinary sympathies and ambitions, and render more intense our ordinary experience. It seeks to do so by diminishing the distance between the ordinary moves we may within institutional and ideological contexts take for granted and the extraordinary initiatives by which we challenge and change pieces of those contexts. Its agent and its beneficiary are one and the same: the real thing – the frail, self-interested, longing individual in the flesh, the victim of circumstance whom no circumstance can ever completely and definitively confine.

The imaginative construction of an alternative informed by these five thematic commitments requires a supporting set of ideas. We may find such ideas in the form of systematic social theory and philosophy. However, we shall far more often and more reliably develop them by revising our practices of explanation and argument. The central point is to rescue the conceptions of structural alternatives and structural discontinuity from the baggage of deterministic assumptions that burdened them in classical social theory while repudiating the alliance of rationalization, humanization, and escapism in contemporary thought.

The history of modern social ideas has misled us into associating piecemeal change with disbelief in

institutional reconstruction, and a commitment to such reconstruction with faith in sudden and systemic change. The most important expression of this prejudice is the supposedly all-inclusive contrast between two styles of politics. One style is revolutionary: it seeks the wholesale substitution of one institutional order by another, under the guidance of confrontational leaders supported by energized majorities, in circumstances of national crisis. The other style is reformist: its concerns are marginal redistribution, or concessions to moral and religious anxieties, negotiated by professional politicians among organized interests, in times of business-as-usual.

We must now jumble these categories up, associating fragmentary and gradual but nevertheless cumulative change with transformative ambition. To jumble them up in practice, we must first jumble them up in thought. The foremost expression of this jumbling up is a style of politics defying the contrast between revolution and reform and therefore exemplifying the practice of revolutionary reform. Such a politics practices structural change in the only way such change generally can be practiced: piece by piece and step by step. It combines negotiation among organized minorities with mobilization of disorganized majorities. And it dispenses with calamity as the enabling condition of change. It must be prepared and informed by a way of understanding and using

political economy and legal analysis as varieties of institutional imagination.

What real social forces can occupy the space left empty by the organized industrial labor force as the core constituency of the Left? A project like this one requires protagonists, but not the ones that played the starring role in the traditional Left narratives. Not only will the identities of these agents be different but the sense in which they are agents – the relation between project and agency – must also change. Consider the two most important agents – the working class and the nation-state.

The working class can no longer be equated with the industrial proletariat, the unionized labor force with jobs in capital-intensive industry. In every country in the world, the vast majority of those who must work for a wage must do so outside the boundaries of capital-intensive industry – in undercapitalized shops and unequipped services, often in the shadows of illegality, with no rights and little hope. Their eyes, however, are directed upward, to those who throughout the world are developing a new culture of self-help and initiative. Their outlook in the poorer as well as in the richer countries is petty bourgeois more than it is proletarian. Their most stubborn ambition is to combine a measure of prosperity with a modicum of independence, including the desire to develop subjectivity, to have a full life of consciousness, encoun-

ter, and striving, like the characters in the movies. By default, given the poverty of alternative arrangements for the organization of economic life, they often identify these aspirations with traditional, isolated, small-scale family business.

The nation-state will not forever be, though it remains today, the preeminent protagonist in world history: the favored ground for the development of collective differences as well as for the conduct of collective rivalries. The nation-state wants to be different, without knowing how. Its people want to see characteristic images of possible and desirable association embodied in distinct national practices and institutions.

The nation is a form of moral specialization within humanity, justified, in a world of democracies, by the belief that humanity can develop its powers and potential only by developing them in divergent directions. If it looks only to the preservation of inherited difference, it soon finds itself torn by conflict between the longing to retain its inherited way of life and the need to imitate: to imitate the successful nations the better to succeed and to survive in the worldwide rivalry of states. In the end the collective ability to make new difference counts for more than the collective capacity to extend the life of old difference.

The forms of political, economic, and social organization available in the world today are too narrow an instrument for the development of collective ori-

ginality. It is not enough to genuflect to established collective difference; it is necessary to deepen existing collective difference by radicalizing the institutional logic of economic and political experimentation.

Workers wanting to stand on their own and nations wanting to go their own way are the chief forces to be represented by the proposals of the Left. However, the sense of the relation between their interests and these proposals is radically different from the sense Marxist theory assigns to class interests. According to this theory, the broader the scope and the more acute the intensity of class conflicts, the less room there is to doubt or to discuss the objective content of the class interests in contest. The fighting will tear off the masks; and political defeat will provide the salutary correction to any misunderstanding.

The truth about interests and projects is, however, just the opposite of what this picture implies. The interests of nations or class will seem to have a clear content when conflict simmers rather than explodes. As strife widens and intensifies, however, this semblance of naturalness will dissipate. The question – What are my interests as a member of this class or this nation? – will seem inseparable from the question – In what different directions could this world be altered, and how would my identity and my interests shift in each of those changed worlds? The idea that group interests have straightforward, objective content is

only an illusion, dependent for its appeal on the containment or interruption of practical and visionary conflict.

As the party of transformation, the Left must turn the ambiguity of the content of group interests into opportunity. It must act on the insight that there are always two sets of ways to define and defend any given group interest. One way is institutionally conservative and socially exclusive: it takes the present niche of the group in the economy and society as fate, and defines the groups closest in social space as rivals. Another way is socially solidaristic and institutionally transformative: it treats the neighboring groups in social space as actual or potential allies, and champions reforms that turn these ephemeral alliances into lasting combinations of interests and of identities. The bias of the Left must always be to prefer the solidaristic and reconstructive approaches, taking them as the reverse side of its programmatic proposals to society at large.

What such a bias implies for the defense of the interests of the working class may be clear enough – negatively and in general, if not affirmatively and in particular. It is incompatible with any insistence on barricading the organized industrial labor force into its shrinking citadel of traditional mass production. It requires the active use of the powers of government to propagate throughout the economy advanced, experimental productive practices.



But what does such a bias toward solidaristic and reconstructive approaches imply for the definition and defense of the interests of a whole nation? It means that a country put high on its list of concerns the mobilization of national resources – savings levels and fiscal surpluses – enabling it to resist and to rebel. That it understand how national heresy ultimately depends for its advancement on global pluralism. That it refuse to accept the view that globalization, like the market economy, is there on a take-it-or-leave-it basis and that all we can do is to have more or less of it on its own terms, rather than having it on different terms. And that it work together with other powers sharing the same vision to reform global economic arrangements and to reshape world political realities. These arrangements and realities now sacrifice experimental pluralism to single dogma and imperial power.

The Left is missing a crisis. Part of its programmatic objective must be to fashion institutions and practices – intellectual as well as social – that diminish the dependence of change on calamity, and make transformation internal to social life. What classical social theory mistook as a feature of historical experience – the existence of an inbuilt dynamic of transformation – is in fact a goal. It is a goal that is valuable in its own right because it expresses the mastery over context of an agent who can participate wholeheartedly in a world without surrendering to it his powers of re-

sistance and transcendence. It is also to be prized because of its causal connection to two sets of stakes that it must always be the aim of a Leftist program to reconcile: the practical progress of society through economic growth and technological innovation and the emancipation of the individual from entrenched social division and hierarchy.

We can no longer assume, as the liberals and socialists of the nineteenth century supposed, under the spell of now unbelievable dogma, that the institutional conditions of material progress naturally and necessarily converge with the institutional requirements for the emancipation of individuals from well-established social division and hierarchy. However, we would be equally mistaken to suppose that these two sets of conditions inevitably conflict. The Left must strive to identify the zone in which the two sets of conditions can be made to intersect, and it must try to move society forward in that zone.

A feature of the zone of intersection is that in it practices have the property of a heightened susceptibility to revision: by laying themselves more fully open to revision they become less like natural objects. They become more like us. They make it easier to engage in the recombinations of people and resources that are vital to practical progress. They subject to heightened scrutiny and pressure the arrangements on which all stable hierarchies of advantage depend.

There is, however, a paradox besetting the effort to establish institutions that loosen the dependence of change upon crisis. How can such innovations arise without the aid of crisis in the first place? How can the Left break the unacknowledged vicious cycle of this reliance on calamity in the real circumstances of the present?

The answer lies in finding crisis under disguise, not in the great collective catastrophes of war and economic ruin but in the hidden tragedies of individual anguish, fear, insecurity, and incapacity, repeated many millions of times over in the life of contemporary society. In even the richest countries of the world today, a majority of working people feel and are in jeopardy. They may be protected against the extremes of poverty and abandonment. They remain, however, locked out of the favored sectors of the economy in which income, wealth, power, and fun are increasingly concentrated.

If they are not jobless, they are afraid of losing the job they have. If they live in a country – for example, a European social democracy – with a well-developed social contract, they have good reason to fear that the contract will be broken – not once, but over and over again in the name of economic necessity, described as competition and globalization. And if they live anywhere else – especially in the large developing countries – they are likely to find no political force that is

willing and able to give them both basic economic security and greater economic and educational opportunity.

Almost everyone feels abandoned. Almost everyone believes himself to be an outsider, looking in through the window at the party going on inside. Flexibility – the watchword of the orthodoxy of markets and globalization – is rightly understood to be a code word for the generalization of insecurity. The parties that claim an historical connection with the Left are seen to oscillate between a shamefaced collaboration with this program of insecurity, in the hope that through growth it will generate resources that can be redirected to social spending, and a half-hearted, weakened defense of traditional social contracts.

This fear, justified by plain fact, defeating hope, poisoning attitudes to the outsider, and expressing an immense and unredeemed waste of energy amounts to a crisis. It is lived out, for the most part silently, within the minds of individuals. It finds perverse expression in the occasional support for rightwing populist and nationalist parties. It is the problem. For the Left, however, it is also the chance.

The familiar and unbelievable form of this crisis is the simple refrain: We shall create jobs! People, however, understand or soon discover that governments cannot create jobs directly, other than public-

service jobs, except in the anachronistic and limited manner of forced labor mobilization – work teams recruited and paid in a national emergency. Nevertheless, the vain promise to create jobs is the misguided form of an indispensable response to the hidden crisis: a way forward that is productivist and democratizing; that anchors social commitment in economic recovery, innovation, and reconstruction; and that advances the social and the economic projects by designing and building the institutions of a high-energy democratic politics. That we shall humanize only insofar as we energize will be the practical principle of this Left.

*An agent: workers  
wanting to be  
petty bourgeois*

All but the poorest countries in the world today continue to be organized as class societies. Marxism is dead as a doctrine. Socialism, as a program, may have lost its meaning as an alternative to what exists now – something the ex-socialists and the ex-Marxists still insist on calling “capitalism,” as if it were an indivisible system, with its distinctive laws of conservation and change. Class, however, survives. It persists as the hierarchical organization of social life into groups of people with very unequal levels of access

to economic, political, and cultural power and with characteristic forms of consciousness and of life.

Its special character is now determined by the interaction between the two contrasting principles that shape it: inheritance and meritocracy. The hereditary transmittal of economic and educational advantage through the family continues drastically to restrict mobility among generations in even the most fluid and egalitarian of contemporary societies. As a result, the simple abolition of the right of inheritance (including anticipated inheritance through the family) for everything except a modest family minimum would everywhere amount to a revolution. Meritocratic competition has modified the workings of inherited advantage, producing selective but increasing opportunities for the most talented and energetic to rise from below through preferment in schools and in firms.

The two principles of class and meritocracy – theoretically in contradiction – live in uneasy but peaceful coexistence. Their opposition to each other is weakened by the smallness of the stakes, or the narrowness of the range of alternatives, in the national politics and the national life of most countries: the ambitious upstarts are soon accommodated and assimilated, and often become the most enthusiastic champions of the ruling dogmas and interests. The tension between these two principles is attenuated as

well by facts that the ruling political pieties leave unspoken: the primacy that the educational and examination systems of contemporary societies increasingly accord to a narrow set of analytical skills and the extent to which the facility for these skills may itself be partly inherited.

In the least unequal countries, and the ones most envied by other nations, the most advantaged have resigned themselves to seeing some of their children go down in the class hierarchy and some of the children of other classes come up. They know that more often than not they will succeed in reconciling inheritance and meritocracy. They secretly hope to turn contested class privilege into a set of commonly (but not universally) inherited advantages. These advantages appear to be rooted in both the inescapable division of labor and the inevitable differences among individuals.

The most common result throughout the world of this coexistence of class and meritocracy is a system of four main classes overshadowing the life chances of individuals and undermining the promises of democracy. At the top is a class of professionals, managers, and rentiers that concentrates in its own hands wealth and discretion — the power to do as it pleases, both on its own and by commanding others — even more than it concentrates income. Beneath it is a small business class, reliant on self-exploitation, most often through



the mobilization of family labor. It is followed by a white-collar and blue-collar working class, working for a wage in specialized jobs under command, and seeking release from labor that is rarely valued for its own sake in the consolations of domestic life and popular entertainment. (In the United States workers with bourgeois identities call themselves "middle class," an example followed by an increasing part of the world's population, as the relative importance of large organizations in economic life continues to shrink.) They are educated in schools that have the acquisition of habits of obedience as their chief concern. At the bottom of the class system is an underclass, largely composed of racial minorities and foreign, temporary workers, and condemned to unstable, dead-end jobs in the shadows beyond law and right. In many developing countries, including the most populous, this underclass represents a major part of the whole population. It suffers from insecurity and deprivation, sometimes without bearing the additional burden of membership in a despised race, caste, or nation.

One of the most remarkable features of this class system, as it is now realized in the richer countries, is that the working class, the small-business class, and even the rank and file of the class of professionals, managers, and rentiers are both safeguarded against destitution and excluded from power. They are ex-

cluded from power not only in the sense of influence over government but also in the sense of having any significant say over their own workaday experiences and prospects. They often see themselves as stuck – waking up one day to discover that they are leading the only lives they will ever lead – and, in large numbers, they are stuck.

The central promise of democracy is that ordinary men and women will have a chance to become freer and greater. By the standard of this promise, the harm committed by the class system is not merely the failure to achieve more equality of opportunity; it is also the abandonment of ordinary humanity to a perpetual belittlement. It has been a long time since large masses of people around the world were rescued from this diminishment by the terrible devotions of war.

Against this background, a hopeful sign emerges. In many developing countries, people aspire to a modest prosperity and independence. They devote themselves to a culture of initiative and self-help: studying at night, in the hope of bettering themselves and opening a business, they often gravitate, for lack of other ways of pursuing their ambitions, to the idea of running a small family business. The significance of this aspiration is, however, enlarged by the moral yearning that regularly accompanies it: the longing to have a bigger life, allowing not only for the material pleasures advertised in the TV commercials but also

for the moral adventures narrated in the TV soap operas. Everyone wants to relive in his fashion the ordeal central to the European novel of the nineteenth and twentieth century: a person making a self by struggling against a context.

In the rich countries the appeal of the ambition to open a small business may be less strong, because more clearly identified with a distinct class and its limited opportunities. However, it weakens only because the search for a modest prosperity and independence and for escape from the confinement and humiliations of working life takes more diffuse and disoriented forms.

The Left committed no greater strategic mistake in the course of its history over the last two centuries than to elect the petty bourgeoisie as its enemy, or as its ally of convenience, and to define as its core constituency the organized industrial working class. Everywhere in the world this segment of the working class is a diminishing part of the labor force. Everywhere it is seen, and ultimately comes to see itself, as one more special interest among others, clamoring for protection and favor. The class that the Left abandoned became the social base of the political movements that defeated it. We contemporaries are, in large numbers, petty bourgeois now, by imaginative orientation if not by economic fact.

The interest that the Left rejected, supposing it wedded to selfish reaction, has now become the stand-

in for a universal aspiration. That is so as much in the United States and Europe as in China and India. If progressives could meet this aspiration on its own terms, and provide it with a vocabulary of institutions and practices richer than the device of traditional isolated small business and with a standard of value more reliable than family selfishness, they would gain the most powerful of all allies, and remove a major cause of their historical defeats.

## *An agent: nations wanting to be different*

Nationalism was one of the most unexpected and powerful transforming forces in modern history. To-day it has become a dangerous diversion. Reinterpreted and redirected, it could become an opportunity for the advancement of progressive alternatives.

In human experience collective identities have drawn their power from their content. To be a Roman, for example, meant to live as the Romans, to follow the Roman way: an inherited structure of custom and sensibility.

Ever since the Western powers broke upon the world, seeking to put the rest of humanity in thrall to

their empires, their interests, and their beliefs, a rivalry once confined to the West has become global. To develop the economic and military capabilities required for national independence, and to retain its cultural identity, each nation has had to give up a large part of its inherited idea of itself at the altar of this universal struggle — a struggle at once practical and spiritual. Each nation has had to pillage the whole world, in search not just of the best machines but also of the most effective practices and institutions — the ones that would deliver the greatest boost to national capabilities with the least proportional disturbance to the entrenched structure of privilege in the national society. This universal exercise in imitation and recombination has changed, slowly but relentlessly, the nature of national differences.

Its result has been to hollow out collective identities, including national identities, robbing them, little by little, of their bases in distinct ways of organizing society and of understanding the possibilities and the perils of social life. However, the waning of actual difference has not weakened the will to difference. On the contrary, it has aroused that will. As one nation becomes more like its neighbor, it affirms all the more desperately its distinction. This will to difference is ever more poisonous because the collective identities it worships are so deficient in tangible detail. When they were concrete they were also porous to experi-

ence and open to compromise. Now that they are abstract they become the objects of an uncompromising faith.

Against this poison there is only one antidote compatible with democratic and experimentalist ideals: to replace the sterile and potentially murderous rage of this frustrated will to difference with the collective capacity to produce actual difference. Thus, a program that can contribute to the overthrow of the dictatorship of no alternatives must not only respond to the universal aspiration of the ordinary working man and woman for more opportunity by which to raise him and herself up; it must also turn democratic polities, market economies and free civil societies into machines for developing distinct and novel forms of life. That countries determined to advance this ideal may have to tread some of the same institutional ground – ensuring the conditions for successful national heresy within the global economy, democratizing markets, deepening democracies, and empowering individuals – and share much now the better to diverge later, is one of the many apparent paradoxes of the present situation.

## *An opportunity: innovation-friendly cooperation*

Another opportunity to advance a progressive alternative results from the diffusion of a new set of innovation-friendly cooperative practices. These practices are changing the character of production and learning in much of the world. They are headquartered in the best businesses and the best schools. Their hallmark is to moderate the tension that always exists between the two most fundamental imperatives of practical progress: the need to cooperate and the need to innovate. Will these new ways of producing and of



learning, which promise so greatly to enhance our productive powers, remain confined to certain advanced sectors of production and of learning? Or will they become accessible to broad segments of society and to many sectors of the economy? On the answer to these questions depend our chances of realizing the vaunted goal of socially inclusive economic growth.

Reduced to its simplest terms, economic growth is the consequence of three sets of causes. In the short run, a crucial determinant is the relation between the cost of what it takes to produce goods and services and the gains to be achieved by producing them. In the long run, a crucial factor is the development and the practical application of knowledge. The most important species of this knowledge is the one that allows us to routinize as much of work as we can so that we can do that routinized labor according to a formula. Whatever part of labor we can bring under a formula we can in turn embody in machines amplifying our powers. We can save our time for those activities that are not yet capable of being reduced to a formula and embodied in a machine. We shift the horizon of our attention from what can to what cannot yet be repeated.

In the extended medium term, however, what matters most to economic growth as well as other aspects of practical progress is our ability to cooperate. Cooperation must be so arranged that it is hospitable

to innovation – if possible, to permanent innovation – thus laying the groundwork on which we can quicken the practical application of knowledge and shift our focus from the repetitious to the not yet repeatable. Cooperation is necessary to the practice of innovation – whether the innovations be technological, organizational, social, or conceptual. However, every innovation also threatens the established form of cooperation because it disturbs the regime of prerogatives and expectations in which the existing form of cooperation is embedded. If, to take a simple example, a new machine threatens to put one group of workers out of work while benefiting another, the truce between the benefited and the harmed groups, or between them and their employers, is likely to break down.

The extent to which the imperatives of cooperation and of innovation interfere with each other is not, however, constant. The cooperative practices richest in promise of practical progress are those that can accommodate repeated innovation most easily. These practices evolve. To take hold and to advance, they depend on certain conditions.

It does progressives no good to present their proposals as pietistic constraints on the forces that drive practical progress; they need to find a way of anchoring social inclusion and individual empowerment in the practical organization of the economy and society

and in the social logic of growth and innovation. Neither, however, should progressives repeat the mistake of the Marxists in believing that the requirements of practical progress will ultimately and necessarily open the way to progressive change.

We should always ask ourselves how we can take hold of those forces and redirect them to suit interests and ideals that transcend them. This problem presents itself to us today in a form we have barely begun to recognize. One way to begin approaching this problem is to place it first in the context of a puzzle about the practical failure and success of contemporary societies.

In the course of the twentieth century some countries did well at both market-oriented and “dirigiste” or government-led economic arrangements. They veered from one of these styles of economic management to another, as circumstances required. No country has been more wedded to the religion of the free market – and indeed to a particular version of the market economy, wrongly equated with its essential nature – than the United States. Nevertheless, when the national emergency of the Second World War demanded it, the country unceremoniously put this free-market religion aside. In its place it established the forced mobilization of national resources, the imposition of marginal tax rates that, at the top, were nearly confiscatory, and a free-wheeling coordination both

among private firms as well as between private firms and government. The result was spectacular; GDP nearly doubled in four years. The circumstances of wartime were, to be sure, exceptional, but they cannot have sufficed to produce the capabilities that made possible such a response.

Many other countries, by contrast, have made a mess of both market-oriented and "dirigiste" solutions. They have tried almost everything, as far as the institutional organization of the economy goes, and failed at almost everything.

The contrast between market and command lies close to the center of two centuries of ideological debate for two hundred years. As an organizing principle of controversy, this contrast is dead or dying. Long before its death, this way of shaping ideological contests deserved to be resisted on two grounds.

The first reason for resistance is the failure of this traditional focus of ideological controversy to recognize that market economies, like representative democracies and free civil societies, can assume institutional forms very different from those that have come to prevail in the North Atlantic world. Cutting across the familiar ideological contests about how much space to give to the market is a debate — at least as radical in potential reach — about what kind of market economy should be established.

The second reason for resistance is that the choice

between market and command fails to address the puzzle of succeeding at everything or failing at everything, of which twentieth-century history has given such telling evidence. The societies that have succeeded at both market-oriented and government-directed arrangements are those that have been able to deploy a superior set of cooperative practices. Mastery of such practices has helped give them both the flexibility to move between institutional systems – more market-based or more “dirigiste,” as circumstance may advise – and the ability to use each such system to best effect. These societies have learned to combine cooperation with plasticity: a way of working together that is, to the greatest possible extent, hospitable to innovation, including innovation in the forms of cooperation itself.

A species of these innovation-friendly cooperative practices has gained immense importance in the world. It forms the core of an experimentalist vanguardism that now distinguishes the best businesses and the best schools in developing and rich countries alike: in China, India, and Brazil, as well as in the United States, Japan, and Germany. The network of such vanguards of production and learning has become a commanding force in the world economy. They are in touch with one another, exchanging people, initiatives and ideas as well as products, services, and technologies.

Among the marks of these advanced, experimental practices are an attenuation of contrasts between supervisory and implementing roles; a consequent fluidity in the definition of the implementing roles themselves; a tendency to move the focus of new effort, as far as practical constraints may allow, to the frontier of operations that are not yet readily repeatable because we have not yet learned how to bring them under a formula; a willingness to combine and to superimpose, in the same domains, cooperation and competition; and a predisposition for groups engaged in the cooperative regime to reinterpret their group interests and identities – and to expect to reinterpret them – as they go along. These practices – not just the accumulation of capital or the refinement of technology – animate the vanguardism that is revolutionizing practical life. Cooperation of a special sort unlocks the transformative potential of technology and science.

Will the direct experience of this advance in cooperative and innovative capability remain confined to the happy few? Or will it be made to penetrate much of economic and social life? Will the richer countries continue to rely on compensatory redistribution through tax-and-transfer? Will developing countries continue to depend on the politically supported diffusion of small property and small business in the hope of moderating the vast inequalities resulting from the discontinuities between the advanced and

the backward sectors of their economies? Or will we find ways to generalize in the economy and society the practices that are revolutionizing the advanced sectors? Are we doomed to humanize rather than to transform?

For all who are today committed to progressive alternatives the need to answer these questions is an opportunity as much as it is a problem. It is an opportunity to associate the struggle for such alternatives with our stake in practical progress, lightening the burdens of poverty, infirmity, and drudgery that weigh on human life. At the same time, it is an opportunity to connect a progressive program with the cause of the permanent creation of the new. The dictatorship of no alternatives will never be overthrown by a combination of narrow interests and impractical pieties.

For this reason we need to understand the conditions that support this species of innovation-friendly cooperation in society and culture and that favor its diffusion. Progressive alternatives will prevail only if they succeed in showing how to secure each of these conditions with the resources and within the limitations of contemporary societies.

The first condition is the avoidance of extreme, entrenched inequalities without, however, being committed to a rigid equality of circumstance. Inherited class advantage cannot be reconciled with

democracy or justified by the consequences of inheritance. However, it is less important that the individual be able to escape his class, or to see his children escape it, than it is that the structure of social division and hierarchy not tightly predetermine how people can work together.

The second condition is that people be equipped and empowered in such a way that the manner in which they receive their educational and economic equipment leave the greatest range of social and economic life open to experimental reshaping. The practical meaning of basic human rights rests on an apparent paradox. We make people's basic rights and capabilities secure against the swings of the market and the reversals of politics. We do so, however, in the hope that, thus equipped, people may thrive all the more in the midst of innovation and change. We take something out of the short-term swings of politics and of markets – the rules defining fundamental rights – and in that sense limit what can be changed. We do so, however, in the hope of making the scope for valuable change broader.

We need not accept any fixed inverse relation between the empowerment of the individual on the basis of fundamental rights and the plasticity of his social setting. If we are bold and imaginative enough we can have more safeguards and more plasticity at the same time. The traditional forms of private law and of political democracy may provide



more empowerment for less rigidity than a caste system. However, they provide less than the alternative ways of democratizing markets and of deepening democracies that progressives throughout the world should now seek.

The third condition is the diffusion of an experimentalist impulse in society and culture. The chief source of this impulse must be a particular form of education, administered in youth and made available throughout a working life. The distinguishing traits of such a form of education are to be analytical and problematic rather than informational; to prefer exemplary selective deepening to encyclopedic coverage; to encourage cooperation, rather than isolation or authoritarianism, in learning and teaching; and to proceed dialectically — that is to say, by the exploration of contrasting methods and views rather than by appeal to a closed canon of right doctrine.

The fourth condition is the effort to loosen the dependence of change upon calamity, and to design institutions and discourses that organize and facilitate their own revision. Franklin Roosevelt had war and economic collapse as his allies in the project of reform. It should be possible to be changed without first being ruined. We must redesign our institutions and discourses accordingly.

A progressive alternative suited to the realities of contemporary societies must show how to secure

these four sets of requirements, both as goods in themselves and as encouragements to the spread of innovation-friendly cooperation. It is a task that presents itself with equal force in richer and in poorer countries. It draws on interests that are as much moral as they are material.

It is useful to understand the point in its most general form before applying it to the circumstances of contemporary societies. We usually act and think within a framework of assumptions and arrangements that we take for granted. Occasionally, we try to change the framework. The distance between our ordinary context-preserving acts and our exceptional context-transforming moves is not constant. We can so shape our institutions and our discourses that they either shorten or lengthen this distance. We have reasons to shorten it, facilitating the piecemeal transformation of our contexts as a normal outgrowth of our everyday pursuits. Our reasons are many: to strengthen the freedom to experiment – especially to experiment with the forms of cooperation – on which all practical progress depends; to undermine the basis of every entrenched scheme of social division and hierarchy in arrangements and dogmas insulated against challenge; and to retain in the midst of our engagement with a social world our power to criticize, resist, and reform it.

What is ultimately at issue here is something that

goes beyond the search for socially inclusive economic growth and for broader and more equal opportunity. It is our ability to give practical consequence to the essential doctrine of democracy: faith in the constructive powers of ordinary men and women, and a commitment to lift them up, to make them greater.

## *The developing countries: growth with inclusion*

The recent experience of developing countries teaches two overriding lessons. They are in only apparent contradiction. The first lesson is that countries grow, although often with dramatic increases in inequality, when they unleash market forces. The second lesson is that those that have grown most – China and, to a lesser extent, India – are the least obedient to the formula that has been pressed upon them by the governments, financiers, and academics of the rich countries.

The most successful developing countries are those that have been most prodigal in institutional innova-

tions, especially innovations in the institutional definition of a market economy itself. They have also been the countries that have been most insistent on raising a shield to protect national heresy in development strategy and institutional organization. The shield has been made of policy initiatives that broaden the margin of maneuver of national governments. The winning formula has been: markets and globalization, yes, but only on our own terms.

Even the relatively successful heretics, however, have proved failures in what matters most: socially inclusive growth and individual empowerment. In China, hundreds of millions of people live in a purgatory of joblessness, insecurity, and fear. In India, the majority of the nation continues to work in the shadows of an informal economy, without rights and without hope. In China the affirmation of national independence remains entangled in a dictatorship that has ceased to believe in the revolutionary faith that it once used to excuse its acts of oppression. In India democratic politics has failed to translate the promise of the national idea into the reality of capability and opportunity for the ordinary working man and woman. All over the developing world, vast numbers of people, even when free from hunger, churn in a vacuum of law and of opportunity. They have already received the message: they know themselves to be godlike. However, they cannot stand up.

There is another way. It builds on the lessons of this recent experience, especially the successful but truncated achievements of institutional innovation and national defiance. Its working assumption is that developing countries cannot accomplish the goal of growth with inclusion within the narrow range of forms of a market economy, a representative democracy, and a free civil society now established in the rich North Atlantic countries. And although it must vary according to the conditions of each country and moment, the basic direction it signals is pertinent to a wide range of present-day circumstance. Four axes of change define this alternative program. Together, they suggest a direction, not a blueprint. For that is what a programmatic argument can provide: a direction and a series of next steps.

The first axis is the raising of a shield over heresy: the set of policies and arrangements enabling countries to turn to markets and to globalization on their own terms, and on terms that make socially inclusive growth at least thinkable and feasible. To raise such a shield today is decisively to reject the contemporary functional equivalent to the gold standard. The point of the nineteenth-century gold standard – it has been observed – was to make the level of economic activity depend on the level of business confidence. It thus tied the hands of national governments to the benefit of those who controlled financial wealth.

Today's functional equivalent to this dead regime is imposed on some submissive developing countries rather than adopted with alacrity by the richer economies. Its components are: acquiescence in a low level of domestic saving and consequent dependence on foreign capital; a low tax take except when a high tax take is needed to service a domestic debt that is itself a means for transferring wealth from workers and producers to rentiers; and as nearly unrestricted freedom of capital to come and go as local conditions may allow.

The practical result is to strengthen the need for national governments to court the international capital markets. However, this dependence, rather than being denounced for the voluntary servitude it represents, is embraced as an advantage. It is supposed to prevent governments from delivering themselves to the populist adventurism and irresponsibility that the custodians of the pseudo-orthodoxy fear these governments would otherwise be tempted to embrace. The shield raised over heresy is the decisive alternative to this shadow of gold.

A first element of which the shield must be made is an increased – even forcibly increased – level of domestic saving. The acknowledgment that saving is more the consequence of economic growth than its cause must be trumped by the strategic imperative of enjoying greater freedom to defy the financial mar-

kets. A forced mobilization of national resources may require mandatory saving — especially mandatory pensions saving — on a steeply progressive scale.

Higher saving is useless and even dangerous if it fails adequately to be channeled into production. Today the dominant ideas and even the accepted nomenclature make it impossible to address the way in which the institutional arrangements of an economy may either tighten the link between saving and production or loosen it, allowing much of the productive potential of saving to be squandered in a financial casino. The truth, however, is that even in the richest economies, production is largely financed by the retained earnings of firms. Only a small portion of the vast saving gathered in banks and stock markets has more than an oblique and fitful relation to the financing of productive activity.

The second element of the shield of heresy must therefore be an effort to tighten these connections, both within and outside the existing capital markets. The devices for such tightening include those that would accomplish the undone work of venture capital: for example, independently administered and competitive funds would be charged with channeling part of mandatory saving into emerging enterprise.

A third element in the shield of heresy is fiscal realism — a government determined to live within its means — even at the cost of renouncing for a while the



countercyclical management of the economy. The role of fiscal realism in the shield of heresy is, however, the reverse of its function within the pseudo-orthodoxy now recommended by richer countries to poorer ones: to strengthen the power to develop along a divergent path.

The only way to ensure, in the short run, the high tax take such a fiscal realism requires, while minimizing its negative effect on incentives to save, to work, and to invest, is to rely heavily on taxes like VAT that are admittedly regressive: they fall disproportionately on tax payers who can save less because they earn less. The sacrifice of fairness in the design of the tax system may be more than compensated not only by the redistributive social spending it makes possible but also by the opportunity-creating potential of the larger program it may help support. Once the heresy is established, the focus of taxation can begin to shift to its proper targets: the hierarchy of standards of living (to be taxed by a steeply progressive tax on individual consumption) and the accumulation of economic power (to be taxed by a heavy charge on wealth, especially when transmitted by family gifts and inheritance).

A fourth element in the shield of heresy is a remorseless tactical opportunism in the treatment of the movement of money. The careful husbanding of national reserves and the imposition of stringent but

temporary restraints on capital movements may be followed by complete convertibility of the local currency and by unrestricted freedom to move capital as circumstance may dictate.

To raise in this manner a shield over national heresy is to establish a war economy without a war: the forced mobilization of resources that allows petitioners to become rebels. The raising of the shield helps create the space in which a developing country can better equip the individual, democratize the market, and deepen democracy.

The second axis of a progressive alternative is to equip the individual. The guiding aim of social policy should not be to achieve greater equality; only the reorganization of the economy and of politics can make major contributions to that goal. It is to strengthen the capabilities of the individual. Education must therefore be the core social policy. Its organization can serve as a partial model for other public services.

The chief responsibility of education under democracy, whether in poorer or in richer countries, must be to equip the individual to act and to think now, in the existing situation, while providing him with the means with which to go beyond that situation. To challenge and to revise the context, even in little, piecemeal ways, is not only the condition for a fuller realization of our ideals and interests; it is also an

indispensable expression of our humanity as beings whose powers of experience and initiative are never exhausted by the social and cultural worlds into which we happen to have been born. The school must be the voice of the future. It must rescue the child from its family, its class, its culture, and its historical period. Consequently, it must not be the passive tool of either the local community or the governmental bureaucracy.

In its resource base the school must compensate for inequalities rather than reinforcing them; it should never depend on local finance. There must be minimal standards of investment for each child and performance by each school. Local and national authorities must intervene correctively when these standards fail to be met. In its content education must focus on a core of general capabilities, and prepare the mind for engagement in an experimentalist culture. In its attitude to the class system it must stand ready to sharpen rather than to suppress the contradiction between class and meritocracy.

In societies in which the transmission of inherited advantage through the family remains a powerful force, no arrangement is more likely to arouse excitement and ambition than one that lavishes special opportunity and support on the most talented and hard-working students, especially when they struggle against disadvantage. Nothing is better calculated to

undermine established inequalities, in the short as well as in the long run, than to form a republican counter-elite equipped to defeat and to dispossess an elite of heirs. This counter-elite may well be as self-serving as its predecessors. It may be the beneficiary of inequalities that are not so much more just as they are more useful. Nevertheless, its ascent will signal a new set of conflicts that can help a program like the one sketched here advance.

The shield of heresy will have been lifted in vain, and the empowered individual will have been left without adequate opportunity to use his energies productively, if a country fails to organize socially inclusive economic growth. In the conditions of the contemporary world such organization requires the present forms of the market economy to be remade.

We have been accustomed by two hundred years of ideological dispute to think that the choice before us is market or command, or a little of each. This way of thinking conceals one of the major problems of contemporary societies, the solution to which has now become decisive for the future of developing countries. It is not enough to regulate the market or to compensate for the inequalities it generates by resorting to redistributive tax-and-transfer. It is necessary to reinvent the market: to redefine the institutional arrangements that make it what it is.

In this effort there are two main tasks. The first task

is to establish the basis for a series of progressive, destabilizing advances on both the supply side and the demand side of economic growth. Each such advance stretches the limits of what the economy in its present state is capable of producing and delivering. Each therefore generates a small crisis, which can be resolved only by other advances on either the supply or the demand sides. Each adds something to the project of doing more by including more.

The result is to arouse a fever of productive activity, not by suppressing the market but by broadening opportunities to participate in it. We cannot broaden such opportunities to engage in market activity without simultaneously reorganizing the familiar institutional form of a market economy.

The second task is to impose on the creations of such feverish productive activity a rigorous mechanism of competitive selection. The two tasks, although conceptually distinct, can and must be performed simultaneously.

The progressive interventions on the supply side that are needed can most readily be understood through an historical example. The nineteenth-century United States, formed on the terrible anvil of African slavery, nevertheless created markets in agriculture and in finance that were more decentralized and inclusive than any that had existed up to that time. The contest over land and farming ended in the

creation of an agrarian system of unprecedented efficiency, based on strategic partnership between government and the family farmer as well as on cooperative competition among the family farmers. The struggle over the national banks resulted in their dismantlement and in the creation of the most decentralized and effective scheme to place saving at the disposal of the producer and the consumer the world had ever seen.

This particular example may no longer be applicable to the problems of today but the principle it expresses has lost none of its force. To democratize the market in ways like this is now part of what must be done in spades in every sector of every national economy all over the world. What is useful everywhere has become urgent in developing countries.

The progressive intervention on the supply side should therefore take the form of institutional innovations that radically extend access to credit, technology, and expertise and that help identify, develop, and propagate the local productive experiments and technological innovations that have proved most successful. A presumption should weigh against the idea of a lockstep evolutionary ascent that would require developing countries to become platforms for the traditional, rigid mass production industry that is now in decline in the richest economies.

It is a prejudice unsupported by fact to suppose the

practices of innovation-friendly cooperation and co-operative competition to be a prerogative of high-technology, knowledge-intensive production in the richest countries. The goal must be to spread these practices out of step and before their time; to help them become established even in sectors of the economy that we may regard as rudimentary by their very nature; and to favor their diffusion throughout a national economy without relying on a master plan imposed from above by the State.

Neither the American model of arm's-length regulation of business by government nor the northeast Asian model of formulation of trade and industrial policy by a central bureaucracy prove equal to this task. Its execution is instead likely to require a form of strategic coordination between public action and private initiative that is pluralistic rather than unitary, participatory rather than authoritarian, and experimentalist rather than dogmatic. Public support for private enterprise can be justified only by a spreading of opportunity: more opportunity for more economic agents on more varied terms. What may seem, when viewed statically, like governmental subsidies to private interests may turn out, when seen dynamically, to serve as moves in an effort to broaden a market by redesigning the institutional arrangements that define it.

A host of funds and centers of technical support

intermediate between government and private firms may play a major role in this work. And from the different types of relations such funds and centers may develop with their client firms, alternative regimes of private and social property – multiple ways of organizing the coexistence of stakes in the same productive resources – may gradually develop. Such multiple regimes of private and social property would then begin to coexist experimentally within the same national economy. The classic nineteenth-century form of private property, enabling the owner to do whatever he wants, at his own risk, with the resources at his command, should be one such regime. It should not be the only one. Why tie the productive powers of society to a single version of the market economy?

The reshaping of the supply side must have as its counterpart a tilt on the demand side toward higher returns to labor. No tenet of present economic thinking is more entrenched and more revealing than the view that returns to labor cannot rise above productivity growth; any attempt to make them rise faster will supposedly be undone by inflation. That this view – so similar to Marx's idea of convergence of all capitalist economies to the same rate of surplus value – must nevertheless be false is shown by the dramatic differences among countries at comparable levels of economic development, and with comparable endowments, in labor's share of national income.



The tilt upward in the real returns to labor is an indispensable basis for the deepening of a mass-consumption market. It makes possible a strategy of economic growth that treats exports and globalization as an expression of the same vigor that must also be manifest in a deepening of the internal market. The methods for achieving the tilt upward must be as varied as the circumstances of the developing countries. At the top of the wage hierarchy, for example, one technique may be gradually to generalize the principle of worker sharing in company profits. At the base of the wage hierarchy, it may often be best to provide incentives or even outright subsidies for the employment and training of the lowest wage and least skilled labor. At the middle of the wage hierarchy the most promising basis of advance may lie in a labor-law regime that, by automatically unionizing everyone, creates a bias toward inclusion of broad categories of workers in deals about wages and rights.

The arousal of productive activity through the widening of opportunity, on both the supply and the demand sides of the economy, must be followed at every turn by the radicalization of competition. In every sector of established big business, sweetheart deals between government and private interests must be undone, and "capitalism" must be imposed on "capitalists." The combination of fecundity in eco-

conomic activity with an implacable mechanism of competitive selection is the recipe for rapid and persistent progress.

Reforms such as those described by these first three guidelines of a progressive alternative for the developing countries will never be the gift of an enlightened elite to a passive citizenry. They can go forward and take hold only in a climate of heightened but organized popular mobilization. They depend on a facility for the repeated practice of structural reform — reform of the practices and institutions that shape the surface routines of social life. They require that the raising up of the individual not have as its reverse side the rigidity of established practices and arrangements. They demand much more room for deviation and experiment in every part of society than now exists anywhere. Their overall effect is to loosen the dependence of transformation on crisis. They make change “endogenous” to social and economic life: redefining as a project what the classic European social theorists falsely supposed to be an established fact. They turn democratic politics into a machine for the permanent invention of the future.

Thus, a fourth axis of an alternative is the establishment of the institutions of a high-energy democracy.

One set of institutional arrangements must help ensure a continuing high level of organized popular engagement in politics. A cold, demobilized politics

cannot serve as a means to reorganize society. A hot, mobilized politics is compatible with democracy only when institutions channel its energies. It is a goal that can be achieved as the cumulative and combined effect of many devices. One example is the extended freed access that political parties and organized mass movements should enjoy to the means of mass communication. Another example is the exclusive public financing of electoral campaigns and the banning of all use of private resources.

A second set of institutions must be designed to quicken the pace of politics. For example, the direct election of a powerful president may help undermine and override the agreements worked out among political and economic elites. However, a presidential regime must then be purged of the bias to impasse that it has in the scheme by which Madison in the American constitution devised a way to slow and to contain the transformative uses of politics: a table of correspondences between the reconstructive reach of a political project and the severity of the constitutional obstacles its execution must overcome. Simple innovations can invert this logic: for example, granting both the executive and the legislative branches the power to call early elections to break a programmatic impasse. Both branches would have to face the electoral test. A similar result can be achieved by a pure parliamentary regime so long as elements of direct

democracy – including comprehensive programmatic plebiscites and direct involvement in policy making and policy implementation at the grassroots – prevent the degeneration of a parliamentary regime into a set of backroom deals, struck under the shadow of prime-ministerial dictatorship.

A third set of arrangements forming the institutional agenda of a high-energy democracy would vastly expand opportunities to try out, in particular parts of a country or sectors of the economy, different ways of doing things. As we proceed down a certain path through national politics we must be able to hedge our bets. The way to hedge our bets is to radicalize the principle that is expressed but left undeveloped in traditional federalism. Local governments or networks of business or social organizations should be allowed to opt out of the dominant solutions so long as in so doing they do not establish a form of oppression or dependence from which their members are then unable readily to escape.

A fourth component of the institutional organization of high-energy democracy should be the endowment and empowerment of the individual. He must have a basic package of rights and benefits that are entirely independent of the particular job he holds. As soon as economic conditions allow, a principle of social inheritance should begin to be introduced. Under that principle the individual would be able

to draw at turning points in his life – going to university, buying a house, opening a business – on a social-endowment account of basic resources. Social inheritance for all would gradually replace family inheritance for the few. Moreover, a special branch of government should be designed and equipped to intervene in particular organizations or practices that entrench forms of disadvantage or exclusion from which the individual is powerless to escape by the generally available means of economic and political action.

A fifth part of the constitution of high-energy democracy is the attempt to combine features of representative and direct democracy in even the largest and most populous states. The means are much the same as would contribute to the first two parts – the heightening of the level of organized popular engagement in politics and the movement toward the rapid breaking of impasse through appeal to the general electorate. These means include the use of comprehensive programmatic plebiscites, agreed between the political branches of government, and the involvement of local communities, organized outside the structure of both government and business, in the formulation and implementation of local social and economic policy. The goal is not only to melt structure without disorganizing politics; it is also to render commonplace in everyday life the experience of effective agency.

This whole program, marking a direction of cumulative change in practices and institutions, places the demand for social justice and individual empowerment on the side of constructive energy and perpetual innovation. Its aim is not only to make a heartless world less harsh; it is also to serve as a practical expression of faith in our ability to reconcile the search for worldly success with the promises of democracy. Such a formula applies as well to the circumstances and to the prospects of the rich North Atlantic democracies.

## *Europe: the reinvention of social democracy*

Social democracy – the most widely admired form of the advanced societies – has long been in retreat in its European home ground. Because Europe has represented in the eyes of the world the promise of a form of the market economy and of globalization more inclusive and egalitarian than the form associated with American arrangements and with American power, the future of this retreat is pregnant with significance for everyone.

The traditional commitments of what was once described as the “Rhineland model” – to safeguard workers against economic downturns, to protect

small, especially family, businesses against big business, to defend the insider constituencies of firms against the short-termism of stock markets, have all been given up, little by little. They have been sacrificed for the sake of protecting what is rightly regarded as more valuable – the ability to negotiate “social contracts” that distribute burdens equitably the better to realize common gains and the preservation of generous social entitlements, made possible by high tax takes. The preservation of these entitlements has proven to be the last line of defense of social democracy. Everything else is in the process of being surrendered – slowly but relentlessly – in the name of the merciless imperatives of fiscal realism, economic flexibility, and global competition.

Should progressives in the rich countries hold on to this now eviscerated historical model, awaiting the first chance to restore some of its traditional content? Or should they propose a more fundamental change of direction? The answers to these questions follow from an understanding of the failure of the historical compromises that have shaped European social democracies to address the major problems of European societies today.

Social democracy was formed by a retreat. It retreated in its formative period from the attempt to reorganize both production and politics. In exchange for this withdrawal it achieved a strong position within



the domain of the compensatory redistribution of income. Politics and the economy – so the founders of modern social democracy believed – could not be reorganized in the circumstance of the time. They could, however, be humanized. Much of the humanization consisted in a successful effort to equip people with the means with which to defend themselves against the consequences of economic insecurity. To-day, however, policies of retrospective compensatory redistribution cannot adequately address the major problems of Europe, or indeed of any of the advanced societies. Social democracy needs to reenter the two terrains from which it early withdrew: the organization of production and of politics.

The truth of this proposition may not be readily apparent. For there are at least two sets of advances – crucial to the future of social democracy – that may seem capable of being achieved within the limits of the historical social-democratic compromise. Considered more closely, however, these advances turn out to be mere preliminaries or bridges to a world of concerns lying outside the limits of traditional social democracy.

The first such advance concerns the provision of social services. The citizens of every social democracy pay dearly by high taxation for public services. They are right to demand that these services improve. The model of standardized services to be dispensed by a

bureaucracy specialized in education, health, or welfare assistance is the administrative counterpart to a form of industrial production that has become old-fashioned: the production of standardized goods and services with rigid machines and production processes, on the basis of a starkly hierarchical organization of work and a rigid specialization of function.

The State should provide directly only those services that are too difficult, too expensive, or simply too new to be provided by private providers. These private providers, however, should not be just businesses. They should be whatever organizations or teams may emerge to do the work. It is not enough to await such an active and entrepreneurial response from civil society; it is necessary to provoke it, to nourish it, and to organize it.

The role of government in the provision of public services should be twofold. One role should be to elicit and to monitor the broadest range of provision from the private economy and from civil society. Arm's-length regulation is not good enough. Government may often need to be intimately engaged in attracting and even in shaping such projects. Competitive diversity in the provision of services should be both the aim and the method. However, profit-making business is not the only or even the most suitable agent. The other role of government in the provision of public services should be to act as a vanguard, developing experimen-

tally new services or new ways of providing the old services. The guiding principle is neither bureaucratic imposition nor consumer choice in a market. It is experimental diversification on the basis of a loose set of associations between governmental and non-governmental initiatives.

The second advance that may seem compatible with the historical limits of social democracy has to do with the conduct of economic policy. Everywhere in the advanced societies those who see the chief economic charge of the State as the counter-cyclical management of the economy have been chastened. Monetary policy has been surrendered to central bankers skeptical of the benefits of playing with the money supply, while fiscal policy has been taken over by politicians who have learned that the costs of deficit finance may last longer than its benefits.

Will the call to fiscal realism be used, however, simply to win and maintain financial confidence, identifying the whims of the capital markets with the dictates of economic wisdom? Or will governments use fiscal prudence to free themselves from these whims? Fiscal realism is not a program; not even a program for macroeconomic policy. It is merely a precaution. Its justification is to broaden a freedom of maneuver that must then be used. It does not teach us how to use this costly freedom.

A government that has largely foresworn the countercyclical use of monetary and fiscal policy, determining to avoid phony money and to live within its means, nevertheless has an economic task of enormous significance: to see to it that the productive potential of private saving be more effectively tapped. Venture capital – the financing of emerging business – remains a tiny industry. It has failed so far to fulfill the hope that it would become the consummate expression of the role of finance in production.

In the rich as in the developing countries it is vital to recognize that the extent to which the accumulated saving of society serves production, especially new production, depends on the way the economy is actually organized. The role of the venture capitalist – to identify opportunity, to recruit people, to nurture organizations, and finally to finance them in exchange for a stake – all this must happen on a much larger scale. If the market as now organized will not do it, then the State must help establish the funds and the centers that will mimic a market, reproducing its features of independence, competition, and accountability. If national governments have steeled themselves with fiscal prudence, then let them use their resulting freedom to help tighten the links between saving and production, and to help fuel ambition and enterprise.

With such advances in the organization of public

services and of finance, however, social democracies would reach a frontier of problems outreaching the historical compromises that formed them. For the European countries now face three sets of problems that can be addressed only by initiatives requiring the very reorganization of production and of politics that social democracy abandoned in the course of becoming what it is today.

The first such problem is the narrowness of the social and educational base for access to the most advanced sectors of the economy: the sectors that are now the favored home of innovation-friendly cooperation and that have become responsible for an increasing part of the creation of new wealth. In all the advanced economies, such productive vanguards remain relatively small and weakly linked to the rest of the economy. The vast majority of people who are lifted above poverty are excluded from them as well as from the educational institutions that prepare people for them. In all the advanced economies such vanguards have close to a stranglehold on the practices of innovation-friendly cooperation, which otherwise flourish in elite sectors far removed from the production system, like experimental schools or universities, missionary churches, commando units, and symphony orchestras.

A byproduct of the relative smallness and isolation of the advanced sectors of production, responsible for

such a large part of technical and economic innovation and for an increasing portion of the creation of new wealth, is the heavy burden placed on public finance. Inequalities rooted in the structural divisions of an hierarchically organized economy must be attenuated retrospectively by redistributive transfer, financed by a high tax take. Equity and efficiency turn into adversaries, and the State into Sisyphus.

We need a radical broadening of social and educational access to these productive vanguards and above all to the ways of working and thinking that make them what they are. Such a broadening must be combined with a great expansion of the area of social and economic life in which the advanced practices of productive and educational experimentalism take hold. Not only must the gateway to the existing advanced sectors be opened more widely but the methods of work and invention that flourish within these advanced sectors must be transplanted to many other parts of the economy and society.

The rich social democracies cannot accomplish these goals solely by governmental regulation of enterprise and reallocation of resources. Nor can they achieve them by waiting for the market, as it is now organized, to produce it. The American model of arm's-length regulation of business will not do it, and neither will the northeast Asian method of having a bureaucracy formulate trade and industrial policy from

on high. The social democracies need to develop a model of decentralized coordination between government and private enterprise. The purpose of this model should be the same as the governmental actions that in nineteenth-century America helped create an extraordinarily successful agricultural system: not to trump a market, but to create one by broadening the terms of access to productive resources and opportunities.

Two sets of initiatives are crucial: one, economic; the other, educational. The economic initiative is the generalization of the work of venture capital beyond the traditional confines of the private venture-capital industry. A set of funds and support centers intermediate between government and private firms should do the work of facilitating access to credit, technology, expertise, and markets. When existing agents fail to do this work, such funds and centers should do it themselves. A large part of their work should consist in identifying and spreading successful local practice and in accelerating innovation. They cannot perform this mission unless, secluded from political pressure and subject to competitive pressure, they are able to reproduce and even to radicalize the principles of a market.

The associations between such funds or support centers and their client firms need not follow a single model; they can go from an intimate sharing of stakes

and tasks to a relatively distant relation of funding and technical assistance, provided in exchange for equity. Here, as in the earlier, related proposals for developing countries, the different types of dealings between emergent firms and the organizations that assist them may contain the kernel of alternative regimes of private and social property – different ways of organizing the coexistence of stakes in productive resources – that should begin to coexist experimentally within the same economy.

Leftists should not be the ones who seek to suppress the market, or even merely to regulate it or to moderate its inequalities by retrospective compensatory redistribution. They should be the people who propose to reinvent and to democratize the market by extending the range of its legal and institutional forms. They should turn the freedom to combine factors of production into a larger freedom to experiment with the arrangements that define the institutional setting of production and exchange.

The educational initiative complementing these economic innovations should include the provision of a form of lifelong education focused on mastery of comprehensive practical and conceptual capabilities. Such mastery enables the individual to move from job to job and to participate in a form of production that increasingly becomes a practice of collective learning and permanent innovation. The school must not only



equip the child with the tools of effective action. It must also endow the student with the skills and habits of perpetual, piecemeal experimentation. In every domain of thought and practice, however modest, it must teach people how to probe and to take the next steps.

People must be able to go back to school periodically, at the expense of both the government and of their own employers; no part of their basic social endowment is more important than a claim to continuing education. And here, as in the developing countries, the financing and the staffing of schools must remain uninfluenced by the unequal resources available to different localities.

This last precaution can be given more general form. The European Union is now developing according to the principle that economic regulation is centralized while social and educational policy remains local. Exactly the inverse of this regime should prevail. There should be expanding scope for economic experimentation on the ground. By contrast, a core responsibility of the Union should be to guarantee the endowment – especially the educational endowment – of all its citizens.

The second problem beyond the limits of the historical compromises that shaped social democracies is the weakening of the basis of social cohesion. The practice of compensatory transfer payments – the stuff

of social insurance — is an achievement of unquestionable significance. It has saved hundreds of millions of people from poverty, indignity, and fear. However, it cannot serve as social cement. In all the contemporary social democracies people belong to social worlds that are fast moving apart. The residual meaning of social solidarity has become the movement of checks through the mail: resources flow, through the hands of the State, from people making money in the productive vanguards, for example, to people needing and spending money in the caring economy. The inhabitants of these different realms may know one another less — and therefore care for one another less — than the members of many a traditional hierarchical society.

Checks sent through the mail are not enough. The principle must be established that every able-bodied adult will have a position in both the production system and the caring economy: part of a working life or of a working year should be devoted to participating in the provision of care for the young, the old, the infirm, the poor, and the desperate. It is an effort that can be effective only if people receive the basic training their jobs may require and if civil society is organized — or the government helps it organize itself — to use such efforts to best effect. Social solidarity will then have a foundation in the only force that can secure it: people's direct exercise of responsibility for one another.

A third problem that cannot be addressed within the boundaries of traditional social democracy is the need to give people a better chance to live a big life, transfigured by ambition, surprise, and struggle. No anxiety must be more central to democracy, and therefore to social democracy, than the fear that progress toward greater prosperity and equality may be unaccompanied by an advance in the capabilities and in the self-affirmation of ordinary humanity. The reasons to want more are both practical and spiritual: to make better use of everyone's dormant energies and to establish in the mind of the ordinary man and woman the idea and the experience of their own power.

In the European homeland of social democracy this problem bears a special pathos. For vast numbers of ordinary people the occasion for being lifted out of the littleness of ordinary life has been war: sacrificial devotion has been associated with slaughter. Peace has brought stupefaction and belittlement. It need not, and it should not if Europeans are to succeed in raising the energy level of their societies for the sake of all their most basic material and moral interests.

Consider this issue of belittlement from a particular angle: whether having been born in a small country – and all the European countries are relatively small – it is possible to live a large life. Norway, for example, is a country sitting on a cushion of oil rents. It has room for maneuver, as – relatively to the rest of the world –

do all the more prosperous European societies. The Norwegian government could help prepare the willing elements of the Norwegian people to become an international service elite, taking the whole world as their horizon for a broad range of entrepreneurial, professional, and philanthropic activities. In the pursuit of such a project Norwegians would have much on which to draw in their national experience. The government – by the terms of this Carthaginian solution – would act as a master venture capitalist and instigator, helping spawn the broad array of organizations that would have to do the first-line work of preparation and support. On returning home, transformed by the experiences of the whole world, these missionaries of constructive action would change the tenor of national life. It is simply one example among many of how a problem considered to lie beyond the reach of reform may in fact be brought within it.

The direction of a program that oversteps the boundaries of social democracy in all the three directions I have described is clear. The reformers of European social democracy have not been mistaken to hope for a reconciliation of economic flexibility with social cohesion and inclusion. Their mistake has been to accept the established institutional framework as the template for such a reconciliation. They continue to require calamity to support reconstruction.

Their institutional dogmatism has helped prevent them from envisaging the majority constituency they might win for a transformation of society that, although gradual in its progress, might nevertheless be revolutionary in its outcome. It has kept them from meeting the popular dream of modest prosperity and independence on its own terms, and providing it with the tools with which to reinvent itself in more adventurous and magnanimous form. Above all, it has stunted their vision of the ideals to which their proposals can and should appeal.

The forces with the best chance to achieve and maintain political predominance in the near future of the advanced societies are those – whether right, center, or left – that most persuasively associate themselves with the cause of restless experimentation and energy. It matters to the future of these societies that they also be forces committed to the belief that the freedom of some depends on the emancipation of all.

## *The United States: hope for the little guy*

There is not supposed to be a Left in the United States, at least not in the same sense or with the same force as there is a Left in the rest of the world. It is nevertheless vital to turn the debate about the future of the Left into an American debate.

In the first place, it is vital because the United States is not only the predominant power in the world; it is a power that has failed to remain in imaginative touch with the rest of humanity. The great ideological debates that shake the world today seem distant and dangerous fantasies when rehearsed within the United States, unlike the ideological contests of the nineteenth century,

which echoed within Great Britain. The bias of Americans is that the rest of the world must either languish in poverty and despotism or become more like them. This failure of imagination is a source of immense danger. The only way to redress it is for Americans to recognize the fundamental similarity of their predicament to the condition of other contemporary societies: similarity in the range of the most pressing problems as well as in the character of the most pertinent solutions.

In the second place, it is vital because the distinction between the two faces that the rich North Atlantic world has shown to the rest of humanity is fast losing its clarity. As European social democracy hollows out its historical agenda in the pursuit of a supposed synthesis between European-style social protection and American-style economic flexibility, the hope of taking European social democracy as a point of the departure for the development of an alternative of worldwide interest weakens. The value of establishing the beginnings of an alternative inside the United States increases.

In the third place, it is vital just because the United States is not only the hegemonic power in the world; it is also the power whose ruling interests and beliefs are most closely associated with the emerging form of the global order. Globalization has very largely meant Americanization, not only in the realm of economic forces and political power but also in the domain of ideas and ideals.

A conception of human life and of its prospects has taken over the world. It is the most powerful religion of humanity today. This religion lies at the center of the historical aspirations of the Left. No country identifies more completely with this creed than the United States. How can it be that the country most fully identified with the doctrine central to the Left is the one that is supposed to have no Left?

The answer is that the United States accepts the religion in truncated or perverted form. Because it is the preponderant power in the world, this American heresy and its correction concern everyone.

The religion of humanity presents the self as transcendent over context: incapable of being contained within any limited mental or social structure. Not satisfied occasionally to rebel, it wants to fashion a principle that makes rebellion permanent, and renders it internal to social life, in the form of ongoing experimental remaking.

No institutional and imaginative ordering of social life accommodates all our strivings. The next best thing to such an all-inclusive order is the combination of experimental pluralism – different directions – with experimental self-correction – each direction subject to the condition that it ease its own revision.

The aim is the creation of a self that is less the plaything of accidental circumstance and the puppet of compulsive social routine; a more godlike self. Such



a self is able to imagine and to accept other selves as the context-transcending agents they all really are. It can experience a form of empowerment untainted by the exercise of oppression and by the illusions of pre-eminence. To this end, society must equip the individual – every individual – with the educational and economic instruments he needs to lift himself up and to make himself more godlike.

This faith in self-construction goes together in the contemporary religion of humanity with a faith in human solidarity. At its extreme limit, it is the visionary conviction, belied but not destroyed by the terrors of ordinary social life, that all men and women are bound together by an invisible circle of love. In its more prosaic form, it is the historical insight that the practical benefits of social life all arise from cooperation and connection.

That form of cooperation will be most productive that is least bound by the restraints of any established scheme of social division and hierarchy and that is most successful in moderating the tension between the imperatives of cooperation and innovation. Every innovation – technical, organizational, or ideological – jeopardizes the present system of cooperation because it threatens to upset the social regime of rights and expectations in which cooperative relations are embedded. We should prefer the way of organizing cooperation that minimizes this tension. It will gen-

erally be one that makes the endowments and equipments of individuals independent of the accidents of their birth as well as of the particulars of their position; that rejects all social and cultural predetermination of how people can work together; and that encourages the spread of an experimentalist impulse, harnessing confrontation with the unexpected to create the new.

The most valuable form of connection will enable people to diminish the price of dependence and depersonalization that we must pay for engagement with others. Self-construction depends on connection, and connection threatens to entangle us in toils of subjugation and to rob us of the very distinction that we can develop only thanks to it. There is a conflict between the enabling conditions of self-affirmation. To diminish that conflict is to become freer and greater, not by living apart but by living together while deepening the experience of self-possession.

Such is the twofold gospel of the divinization of humanity, in the name of which the torch has been set, and will yet be set, to every empire in the world. It is the message that should forever lie at the heart of the work of the Left. It can be advanced only through the remaking of both our arrangements and our sensibilities. It has been central to American democracy and to the form of globalization with which American hegemony is associated, and yet in that democracy and that globalization, misshapen and diminished.

One aspect of the perversion is a failure to acknowledge the extent to which the institutional structure of society is open to revision and the extent to which it holds hostage what people understand to be their interests and ideals. It has been a besetting myth of American civilization to suppose that Americans early discovered the basic formula of a free society, to be adjusted only rarely, under pressure of national emergency. The three great periods of institutional effervescence in the United States were the time of independence, the time of Civil War and the time of the mid-twentieth Depression and world conflict. Only then were they partly freed from the stranglehold of institutional superstition.

This fetishism of the institutional formula, most completely manifest in the cult of the Constitution, is an extreme instance of a conformism that is now in danger of seducing the whole world and of defeating the essential goal of the Left. The greatest price that it has exacted from American democracy is failure to progress in the realization of the most persistent American dream – an American variant on what has now become a worldwide aspiration.

This aspiration is the dream of a society made for the little guy: a country in which ordinary men and women can stand on their own feet, morally and socially as well as economically, achieving a degree of prosperity and independence as well as the resources

of independent judgment and the claims to equal respect that past societies largely reserved for an elite. In the initial decades of America's life as an independent country, this dream had a tangible and immediate expression: only one in ten of free white men worked for another man at the beginning of the nineteenth century. It is a commitment that has since proved unable to impose its stamp on the forces shaping American society.

Two institutional vehicles have carried the weight of this dream in American history. The first device has been the defense of small property and small business against great wealth and big business. The second device has been the appeal to the regulatory and redistributive powers of the national government. Neither instrument has prevailed against the consequences of the hierarchical segmentation of the economy. Neither has sufficed to make the dream real. To realize the dream further than those two vehicles can go would require reshaping the economic and political institutions of the country, and doing so without the aid of a crisis. It is a reformation that the vice of institutional fetishism denies to American democracy.

The other major perversion of the religion of humanity among the Americans lies in the imagination of the link between self-construction and solidarity. If the predominant tendencies of consciousness in American life have understated the extent to which

society can be reorganized, they have also exaggerated the degree to which the individual can save himself without needing to be saved by the grace of other people. A little Napoleon who takes the crown, and crowns himself, has been the illusion that perpetually seduces them.

To this mirage of self-reliance turning into self-salvation Americans owe their common oscillation between an extreme individualism and an equal extreme collectivism (seemingly opposites but in fact reverse sides of each other), their attraction to the middle distance of pseudo-intimacy and cheerful impersonal friendliness in social relations (like Schopenhauer's porcupines moving uneasily between the distance at which they get cold and the closeness at which they prick one another), and their endless quest for ways to deny frailty, dependence, and death (even at the cost of a mummification of the self and mystification of its true condition in the world).

It is this idea of the self, and of its disengagement from the formative claims of solidarity, that the rest of humanity vaguely but rightly understands to animate much of the institutional formula the United States seeks to propagate throughout the world and to entrench in the arrangements of globalization. This idea deserves to be resisted, and it will be resisted, because it represents a gross misdirection in the religion of humanity.

Their misdirection has not, however, prevented Americans from excelling in the cooperative practices, and from advancing in the development of those innovation-friendly forms of cooperation in economic and social life from which we must expect the greatest contributions to the practical progress of mankind. To this skill we must credit their demonstrated ability to succeed under a broad range of circumstances and rules with equal success, as they did when world war required them to adopt arrangements and practices that were anathema to their official ideology.

They live under the most extreme class hierarchies of the rich democracies, yet they are second to none in denying the legitimacy of class and of its blight on equal opportunity. They have failed to equip the masses of ordinary men and women with the instruments of initiative and innovation, but they retain faith in the creative powers of plain people. They surrender to institutional fetishism, however, only by according to their institutions a scandalous and costly exemption from the experimentalist impulse that otherwise remains so powerful a force in their culture.

If only they could free themselves from their institutional idolatry and imagine more truly the relation of self to other, they could realize their dreams more fully, and correct them in the course of realizing them. Many of the intangible barriers that separate them

from the imaginative life of the age and of the world would fall away. They would no longer be adversaries of the Left, even though they might not describe themselves as Leftists, because they would have joined the central current of the development of the religion of humanity. And it is the combination of this religion with the disposition to renew the restricted repertory of institutional arrangements to which the world is now confined that has come to define the identity and the work of the Left.

Today the focus of the problem in the United States is the absence of a credible successor to the New Deal. Roosevelt's settlement in the mid-twentieth century was the American equivalent to the social-democratic compromise and the last great experiment — however limited in scope and dependent on the favoring circumstance of crisis — with the institutions of the country. Yet its focus on the development of the regulatory and redistributive powers of national government, rather than on democratizing the market or on deepening democracy, and on economic security, rather than on economic empowerment, is no longer suited to the tasks of the day.

The failure of American progressives to offer, within or outside the Democratic party, an effective sequel to the Rooseveltian project has rendered them powerless to respond to the great downward changes that overtook American democracy from the 1960s

on: increasing inequality in wealth and income, and most strikingly, inequality in the compensation of labor at different levels of the wage hierarchy; stagnant or decreasing intergenerational mobility among social classes; shrinking popular participation in politics; and diminishing engagement in associational activity outside the boundaries of family life. These inflections are American variations on shifts common to all the rich North Atlantic democracies.

Any Left proposal that can speak to the most urgent problems of the United States must supply remedies against these changes, and turn the response to them into an opportunity both to realize and to rectify the American dream. Such a response must in turn be informed by an understanding of how and why these changes came about. Consider the outline of such an explanation; it includes the slow time of economic and cultural change as well as the fast time of decisive political events. All these elements – even the uniquely American political episodes – are characteristic of circumstances in which and against which the Left must now work throughout the world.

The slow economic change, which took place during the later part of the twentieth century, was a sharpening of the hierarchical segmentation of the economy, accompanying a shift in the organization of production. As mass production declined, replaced, in services as well as in industry, by knowledge-intensive,



more flexible production, the core historical constituency of the progressives, unionized industrial labor, shrank. The emerging forms of production placed a premium on educational endowments that the professional and business class was best able to transmit to its children. The elite schools trained students in distinctive conceptual practices and social skills – talkative teamwork and personal charisma, carefully concealed under a veneer of pliant self-depreciation. Such practices and skills were alien to the social worlds and the public schools of the working-class majority, with their emphasis on the alternation between organizational and intellectual conformity at work and at school and off-time fantasy and rebellion. The synthesis of class hierarchy and meritocratic principle that has come to characterize all the rich countries thus finds support in the biases of production and of education.

A shift in consciousness, not directly related to this change in production, has nevertheless accompanied it. Alongside the neo-Christian and post-Romantic narratives of the mass popular culture, with their formulaic versions of redemption through engagement and connection, and of recovery and ennoblement, through sacrifice and loss, a contrasting set of themes has won increasing space. In this neo-pagan vision, exhibited in the game and reality shows on popular television, as well as in some of the most

refined productions of the high culture, the protagonist seeks to triumph, by guile and tenacity, in an arbitrary world, bereft of human as well as of divine grace. He spins the wheel of fortune rather than embarking on an adventure of self-construction based on the acceptance of vulnerability. At the center of this neo-pagan dispensation is a wavering of hope: the hope – central to the contemporary religion of humanity – that the transformation of society and the transformation of the self can advance hand in hand.

In a setting shaped by these changes in production and consciousness, the political direction taken by the would-be successors to Roosevelt in the final decades of the twentieth century followed the path of least resistance. It was a path that helped aggravate the effect of the anti-egalitarian and antisocial shifts that were changing the country, and that helped disorient and disarm the progressive forces in their resistance to those tendencies. Yet it was a direction that wore the outward appearance of realism and prudence.

Under the Presidency of Lyndon Johnson, the very time to which in hindsight we can first trace the inflections, a social and racial orthodoxy that was to contribute to the undoing of the progressives first crystallized. Roosevelt's commitment to programs, like Social Security, responsive to the anxieties and interests of a broad working-class majority was re-

placed by a "War on Poverty" that targeted its benefits to a distinct minority of poor people and that circumvented the machines of traditional working-class politics in the large cities. It was a mistake that the architects of European social democracy had been careful to avoid.

Racial oppression was defined as a threshold evil, to be redressed prior to any attack on economic injustice and class hierarchy. This self-styled integrationist orthodoxy became the basis for programs, like race-conscious affirmative action, that antagonized many who might have participated in a project responsive to the needs and aspirations of a transracial working-class majority in the country.

In the succeeding decades, three connected sets of events reinforced the inhibiting effect of these choices.

One was the attempt by the progressives to use judicial politics to circumvent political politics. This circumvention biased the emphasis of the progressive project toward reforms focusing on redefinitions and reallocations of individual rights rather than on reconstructions of institutional life. These were the reforms that an elite of judicial reformers could most plausibly undertake before being brought back into line by the balance of political forces.

A second series of events was the federalization of a "modernist" moral agenda (abortion being the cutting issue) embraced in large numbers by the secular, the

urban, the educated, and the propertied in the name of the progressive cause but in defiance of the beliefs of many who were needed to move it forward.

A third succession of events was the reemergence of “sound-finance doctrine” – the primacy of financial confidence in the conduct of macroeconomic policy – as the successor to a Keynesian orthodoxy that no longer spoke to the circumstance of the day. No attempt was made to harness the achievement of financial confidence to any affirmative attempt to mobilize saving, in new ways and by new devices, for production, invention, and innovation.

These repeated compromises, retreats, and misdirections, reinforced one another. Their effect in deepening the antidemocratic inflections – greater economic inequality, restricted class mobility, less political participation, thinner social connections – was sealed by the principle that war trumps reform (unless by requiring full-scale national mobilization of people and resources it provokes institutional experimentation). They were not the unavoidable reactions in national politics to the economic and cultural shifts the country had undergone; they were only the responses that proved easiest to give, turning lack of imagination into fate.

It was the background of a conservative hegemony, repeating in many of its elements and presuppositions the conservative ascendancy of the late nineteenth

century. The linchpin of this hegemony was the success of conservative statecraft in the United States in combining recourse to the economic interests of the moneyed classes with appeal to the moral beliefs and political skepticism of the white working class outside the large cities. It was then that in the United States, as in much of the rest of the world, the program of the progressives became the program of their conservative adversaries, with a humanizing discount.

The programmatic response the Left should propose to this circumstance in the United States must begin with two preliminaries, redefining the racial and social pseudo-progressive orthodoxies formed in the late twentieth century. This response should have as its core a political economy of democracy, democratizing the market by reshaping both the forms of production (including the relation of government to business) and the condition of labor. It must be extended through innovations encouraging civil society to organize itself outside both government and business, and energizing democratic politics.

The first preliminary concerns the relation between race and class. There have been four main projects for the redress of racial injustice in the United States. The best hope for advance lies in a certain way of combining the third and the fourth approaches while going beyond both of them.

The first approach was the collaborationist project

of Booker T. Washington, put forward in the decades following the Civil War. The solution proposed was to occupy a secure but subordinate position in the economy – the petty-bourgeois position of the small-holder, the shopkeeper, the craftsman – on the basis of modest property distribution and vocational training. The paradox, at once political and programmatic, is that even such a seemingly modest program requires (or would have required in its time) large-scale political and social mobilization, which, once aroused, would have demanded more than this orientation could ensure.

The second approach has been the secessionist project – withdrawal from American society, even return to Africa. It has proved to be a feint. Although its tone has traditionally been voiced in belligerent contrast to the sweetness of the collaborationist strategy, its practical expression has been the same: retreat not into a separate land but into an internal exile of small business under a leadership committed to impose, in the name of religious authority, petty-bourgeois norms of respectability.

The third approach is the integrationist project that would treat racial injustice as a threshold concern distinguishable from class injustice and prior to it. Its most characteristic expression has been affirmative action although its more fundamental work was the defense of civil rights for racial minorities. Its un-

doubted historical achievement has been the establishment of a black professional and business class.

However, it suffers from three defects. The first is that its benefits accrue in inverse proportion to the need for them: most to the professional and business class, less to the working class, especially of public employees; least of all to the underclass. The second defect is that it separates the black leadership from the mass of poor black people, accommodating them in the existing order as virtual representatives of those who are very largely denied its fruits. The third defect is that it offends the material and moral interests of the white working class, which reasonably believes itself to be the victim of a conspiracy of sanctimonious and self-serving elites, including the elite of those who claim to represent the downtrodden.

Confusing the struggle against racial discrimination with the social and economic advancement of a racially stigmatized minority, the integrationist orthodoxy achieves neither of these goals squarely. The alternative is to build on a fourth, reconstructive approach to the race problem and to reconcile it with the strong suit of the integrationist approach: its commitment to overcome the evil of discrimination on the basis of race. The keynote of the reconstructive view is to treat the problems of race and class as inseparable and to implement a political economy that deals with the evils produced by their combina-

tion. Its preeminent expression in American history was the short-lived work of the Freedmen's Bureau from 1865 to 1869, broadening economic and educational opportunity under the slogan "forty acres and a mule."

Individualized racial discrimination should be treated as a distinct evil, and criminalized. Active promotion of access to better schools, better jobs, and higher social position should be afforded on the basis of a "neutral principle": the entrapment of a group of people in a circumstance of disadvantage and exclusion from which they cannot escape by the readily available means of economic and political initiative. The fundamental criterion must therefore be class rather than race. It will nevertheless reach race by reaching class, without taint by the inversion of benefit and need, because of the racial bias in the composition of the underclass.

Race may nevertheless figure without imposing this taint. The combination of different sources of disadvantage — first among which are class and race — increases the likelihood that the disadvantage will prove hard to escape. That conjecture, however, must be tested against experience; and only insofar as it holds in fact should it apply as law.

If the reformation of the treatment of racial injustice, and of the relation between race and class, is the first great preliminary to a Left program for the



United States and in an American idiom, the second is the rethinking of how progressives should address the conflicting moral agendas in American society. At the turn of the twenty-first century the foremost fighting issue of the day was abortion, as a hundred years earlier it had been prohibition. It has become conventional to call these agendas traditionalist and modernist, religious and secular. In fact each of them expressed a response to contemporary experience, and each could be stated in secular as well as in religious form.

The decision by the progressives not only to espouse the modernist agenda, but to enforce it by federal power and federal law was a practical calamity. Together with the racial orthodoxy, it helped diminish the chances of winning the support of a supra-racial working-class majority for a progressive national project.

It was, however, not only a mistake in tactics; it was also a failure of vision. Both the contending agendas were deficient as bearers of the religion of humanity. One revealed the moral prejudices of a Christianity that had subordinated the heart to the rulebook, and that had struck a deal with cultural and social orders that it was the calling of a Christian to defy. The other carried the stain of a heartless narcissism and gratification, alien to the sacrificial impulse on which all hope for the divinization of humanity depends. If the Leftist

had an interest, it was not to enforce one of these agendas against the other; it was to radicalize the conflict between them in the hope that from this contest something deeper and truer might result.

The means by which to accomplish both the tactical and the programmatic goal is to return to the states the decision concerning the issues in contest. The almost certain result would be divergence among the states in the relative weight they would give to each agenda, and the consequent deepening of the national debate. With respect to the star moral-agenda issue of the day, poor women who would need to travel from states forbidding abortion to those permitting it would be the greatest victims. The burden, however, could be lifted by the simple expedient of organizing to transport them to the permitting states, and paying for their transport. It is a small price to pay for the cutting of one of the Gordian knots that now threatens to strangle the progressive cause in America.

The heart of a Left agenda for the United States must be a proposal in political economy. The core concern, as in the reformation of European social democracy, should be to democratize the market economy. It cannot be belatedly to import into the United States the arrangements of a European social democracy that is now embarrassed on its home ground. As in the European setting, this democratizing project presupposes a mobilization of national

resources for new productive initiatives: at the limit, a war economy without a war. Here as there a guiding aim must be readiness for innovation achieved by means that ensure socially inclusive empowerment rather than by devices that generalize insecurity and aggravate inequality. It is the only way to reverse the consequences of the hierarchical segmentation of the economy in the real circumstances of the rich North Atlantic countries.

The chief elements of this mobilization are: the raising of the tax take by reliance on taxes that are regressive in the short run but nevertheless progressive in overall effect by virtue of their place within a broader program; the forced increase of the level of domestic saving, especially through reforms to the private and public pension systems; and the creation of new linkages between private or public saving and production, both within and outside the capital markets as they are now organized. A brief word about each of these concerns will suffice to highlight the points at which the American circumstances deviate significantly from the European in the constraints they impose on the accomplishment of such goals.

No activist program of governmental initiative in economic empowerment can be carried out in the United States without a rise in the tax take. And no such rise in the tax take can take place without heavy reliance on the form of taxation – the transactions–

oriented taxation of consumption in the form of the comprehensive flat-rate value-added tax — that is unequivocally regressive in its immediate effect. The attempt to increase overtly redistributive taxation elicits an economic and political reaction that overshadows and interrupts its vaunted progressive aims. The short-term acceptance of price-neutral regressive taxation, capable of delivering the greatest tax yield for the least economic disruption, can justify itself not only if it enables more redistributive social spending but also and above all if it forms — and is seen to form — an integral part of an effort to democratize economic and educational opportunity. In their attitudes to taxation the American progressives need to stop genuflecting to redistributive pieties that have served only to prejudice redistributive results. They cannot do so without braving the risks and the paradoxes inherent in transformative action.

Although no large country now saves less than the United States, none has been more successful in financing new enterprise. Yet in none is the relative disconnection between the trading of positions in the capital and equity markets and the effective financing of production more apparent. The measures for the broadening of economic opportunity on the supply side that are explored in the following paragraphs would have to be accompanied by efforts to expand the role of venture capital beyond the terrain in which

it is accustomed to work. The principle of such an expansion is always the same: use the market when possible, and entities established by government but mimicking the market — or anticipating another broader and more pluralistic capital market than the one that now exists — when necessary.

If the realities of American economic relations to the rest of the world did not force an increase in the level of domestic saving, a project like the one I propose here would nevertheless require it. This increase could be achieved by forced mandatory saving through the public and private pension systems on a steeply progressive scale. It could be ensured as well by a tax that would give a progressive tilt to the indirect taxation of consumption: the sharply progressive taxation of individual consumption, falling on the difference between the total income and the invested saving of each taxpayer, and thus hitting what must always be the chief target of progressive taxation — the hierarchy of individual standards of living.

To democratize the market economy must mean much the same in the United States as it means in Europe and in other contemporary rich social democracies. It is a commitment requiring initiatives on both the supply and the demand sides of the economy.

The variety of instruments of economic vitality in the United States is such — with its longstanding decentralization of credit, its readiness for risk and

novelty, its habits of practical ingenuity, and its absence of significant barriers to start-up business – that nothing short of the boldest supply-side initiatives would, by an apparent paradox, make a difference in this the most unequal of the advanced economies. That which in the European setting I defined as the maximum goal – to use the powers of government to propagate advanced experimentalist practices of production outside their favored and habitual terrain in capital, knowledge and technology-intensive sectors of the economy – should here be taken as the minimum one.

What the American federal and state governments did in the nineteenth century for the organization of what became the most efficient system of agricultural production in world history – helping to underwrite a system of cooperative competition among family farmers, forging instruments for risk management, and opening access to resources and markets – these tasks governments must now undertake on a larger scale and with a different focus. The scale must be the whole of the industrial and service economy. The focus must be the creation, through governmental and collective action, of functional equivalents to the preconditions of advanced experimentalist production and the propagation of the local organizational and technical innovations that have proved most successful.

Those equivalents are necessary because these preconditions are missing in much of even the most advanced economies. They include organizations that screen and enhance credit; that adapt advanced technology to more rudimentary conditions; that give people access to continuing education while they have jobs and re-skill them when they are between jobs; that provide instruments for the effective management of risk when such instruments are not made readily available by existing market institutions; and that support networks of cooperative competition enabling teams of technicians and entrepreneurs to pool resources and to realize economies of scale and scope. The diffusion of the most successful local practices is in turn most useful when it strengthens the links between advanced and backward sectors of the economy, and engages people in the habits and methods of permanent innovation and cooperative competition.

The agent of this institutional reshaping of the market economy cannot be a central bureaucracy guiding from on high. It must be a range of governmentally established and funded social and economic organizations that emulate the market, in competition with one another as well as with standard private businesses, with staffs rewarded for performance as measured by the very markets they help open up.

Their mission is not to regulate or to compensate. It

is to create markets for more people and in more ways. It is from the variety of their relations to the people and the firms with which they deal that one can hope for the eventual emergence of alternative regimes of property and contract. The market-oriented idea of free recombination will thus be generalized and radicalized by being imported into the institutional framework of the market itself. In its present dogmatic form it consigns the majority of working-class men and women to what has increasingly become a form of precarious busy work, sufficient to protect against poverty but not to empower and to enlighten. It therefore also condemns the would-be little Napoleon of the American dream to frustration and fantasy.

In the United States as in Europe, such progressive interventions on the supply side – less the regulation of the market than its reshaping – would have to be matched by progressive interventions on the demand side. However, rather than taking the form of monetary and fiscal boosts to popular consumption, this second order of initiatives would best address the position of labor. In no democracy, rich or poor, has the position of labor – its share of national income, its degree of internal segmentation, its level of organized power, influence, and security – degenerated more dramatically over the last forty years than in the United States. It is a circumstance not only unjust and disempowering in itself but also subversive of all other



aspects of a program like the one advanced here. It destroys the link between the accumulation of wealth in society and the ability of the ordinary worker to enjoy the benefits of economic growth. Moreover, it arouses an impatient anxiety that is at least as likely to help the Right as it is likely to serve the Left.

To generalize the principle of sharing in the profits of firms; to strengthen the power of an organized minority of workers to represent the interests of the disorganized in the economic sectors in which they work while affording direct legal protection of temporary workers; to provide at public expense opportunities for lifelong education in generic capabilities as well as in job-specific skills; to spread, through public as well as private means, the most advanced, experimental practices of production, preventing their concentration in isolated economic vanguards; to subsidize through the tax system the private employment and on-the-job training of the poorest and least skilled workers; and to impose direct legal restraints on the aggravation of wage and benefit inequality within firms – all these are examples of instruments that, in their combined and successive consequences can help contain extreme disparities in the returns to labor and reverse the decline of the share of labor in national income.

The democratization of economic opportunity in the United States would achieve its full effect only

within a broader program for the deepening of American democracy. This program must include the reorganization of the economic and institutional basis of voluntary action and the energizing of democratic politics.

No capacity has been more important to the success of the United States than the ability to cooperate; the antipathy of Americans to class privilege, maintained in the presence of a class structure whose force they are reluctant to acknowledge, and their faith in the power of ordinary men and women to make large problems give way to the cumulative effects of an endless flow of small solutions have helped them excel in the knack of working together under many different rules and in many different circumstances. The downward inflections of the late twentieth century, including as they did the weakening of voluntary association, have placed this great collective capacity in jeopardy.

The institutional fetishism that has always exercised so great an influence over American beliefs would have us suppose that the problem lies only in the spirit of association, not in its institutional vessel. There is, however, a problem with the vessel, and only a Left committed to institutional innovation can show how to solve it. Until they confront the inadequacies of the institutional setting of association, Americans will continue to call the spirit, and it will continue not to come.

The fiscal basis of voluntary action should be strengthened. One way to do so is to reserve part of the tax favor represented by the charitable deduction allowed to all philanthropic contributions. This reserved part should be channeled into public foundations, entirely independent of governmental influence and managed by people representative of different currents of opinion. Voluntary groups could apply to these public foundations for support as they now apply to private foundations. The rich would not be able to ride their hobbyhorses through private philanthropy without helping to open a space beyond plutocratic and governmental influence.

The social focus of voluntary action should be sharpened. No focus is more important than responsibility for taking care of those in need. The principle that every able-bodied adult should hold a position in the caring economy as well as in the production system creates an immediate challenge to civil society and to its capacity for self-organization. Society would need to organize, outside government and outside private business, to develop and apply this principle to best effect, in new forms of public service and community organization. It would be an expansion of the traditional American knack for cooperation for the sake of collective problem-solving.

The legal apparatus at the disposal of voluntary action may therefore also need to be broadened.

The traditional regime of contract and corporate law may not suffice. As an instrument of voluntary association, private law presupposes that the readiness to organize is already present. And public law sets what is done with private law within a mandatory framework, imposed from the top down according to a single formula.

The task of social law, neither private nor public, would be to incite the self-organization of society, outside both government and business, for the purpose of fulfilling responsibilities such as the responsibility of organizing people to take care of one another outside the family. For example, the law might establish a structure of neighborhood associations parallel to the structure of local government but completely independent of it. Thus, local society would be organized twice, within local government and outside it. Each of these forms of organization would bring pressure to bear against the other, neither duplicating its work nor accepting in its dealings with it a rigid division of labor.

Within such a program the reform of the basis of voluntary association would need to be complemented by the reorganization of the institutional basis of democratic politics. The cult of the Constitution is the supreme example of American institution worship. From it results the American preference for changing the Constitution by reinterpreting it rather than by

amending it, as if any emergent vision of the political needs of the people would have to lie hidden within the constitutional scheme, waiting to be revealed by brazen oracles of the law.

The American constitutional order, however, confuses by design two distinct principles: one, liberal; the other, conservative. The liberal principle is that power be fragmented: divided among different branches of government and different parts of the federal State. The conservative principle is that a table of correspondences be established between the transformative reach of a political project and the severity of the constitutional obstacles its execution must overcome. The point of the conservative principle is to slow politics down, and to tighten the dependence of change upon crisis.

To Americans the liberal and the conservative principles seem naturally and necessarily connected. They are not. It is possible to keep the former while repudiating the latter. This goal could be achieved by combining two sets of reforms. One set would be designed to raise the level of organized, sustained popular engagement in politics. The other set would be calculated to resolve impasse between the political branches of government quickly and decisively, and to do so by involving the general electorate in the resolution of the deadlock.

This second set of reforms could include, for ex-

ample, the use of comprehensive programmatic plebiscites, preceded by national debate and mutually agreed by the President and the Congress. Such innovations could also provide for the right of either of the political branches, when faced with a programmatic impasse in its relation to the other branch, to call early elections. Although initiated by one branch, the early election would always be simultaneous for both branches. Thus, the branch to exercise the right would have to pay the price of the electoral risk. By means such as these, particularly if implemented in the context of reforms raising the level of popular political mobilization, the institutional logic of Madison's scheme would be reversed. From being a machine for the slowing down of politics, it would become a machine for its acceleration. In matters of institutional design, small differences can produce large effects.

The cult of the Constitution and the widespread failure to recognize any need to quicken the tempo of politics in the absence of national emergency would work together in the United States to leave any such proposal without supporters. The place to begin in the reformation of democratic politics in America is therefore not a constitutional redesign favorable to the rapid resolution of impasse. It is the acceptance of reforms that would increase the level of civic engagement and education while diminishing plutocratic influence over politics: raising the temperature before

quicken the tempo. Some such initiatives would provide for the public financing of campaigns. Others would broaden free access, on behalf of organized social movements as well as of political parties, to the means of mass electronic communication as a condition for the award of the public licenses under which the business of television and radio is conducted.

Seen as a whole, in the combination of all its parts, such a project of redirection and transformation for the United States may seem too all-encompassing and too ambitious to withstand the test of constraint in context. Yet it is composed of elements that are almost entirely familiar. Advance in some of its parts could go very far before hitting against the limits imposed by a failure to advance in others.

This program addresses a constituency that does not yet exist: a working-class majority able to transcend in its commitments racial and religious divisions. It does not, however, take the existence of such a constituency for granted. Its formulation in thought and its promotion in practice would help bring that constituency into existence. The project helps create the base; the base allows the project to go further. In all these respects it presents problems that are not uniquely American; they are typical of the difficulties to be faced by the Left in any contemporary society, richer or poorer.

In the United States as anywhere else such a project could come to life only in the setting of a larger

contest over consciousness. In that struggle it would be necessary to challenge the American understatement of the room for institutional alternatives and the American exaggeration of the chances for private escape, through self-help and self-enhancement. Political parties and social movements are insufficient instruments in this prophetic work.

In quarreling over such beliefs we take the spirit of the nation as our object, given that the nation-state remains a privileged terrain for experiment with the common terms of life. The characteristic qualities of the American people are their energy, their ingenuity, their generosity, their practical good faith, their readiness to cooperate, and their sense that something is missing from their national and personal lives. This sense inspires their restless striving and their heart-sick longing. Their characteristic defects are their idolatrous attitude to their institutions, their failure fully to acknowledge the dependence of self-construction on social solidarity, their willingness to settle in social life for the circumstances of the middle distance, robbing them of solitude without affording them company, and their lack of imagination. They cannot realize more fully either their interests or their ideals without providing better occasions than they currently do for the willingness to cooperate and to sacrifice on which all greatness depends.



## *Globalization and what to do about it*

Such alternatives for richer and poorer countries require for their advancement a global order that does not suppress them by its very design. Globalization has now become the generic alibi for surrender: every progressive alternative is derided on the ground that the constraints of globalization make it impractical. The truth, however, is that, as the contrasting experiences of contemporary China and Latin America show, even the present global economic and political order allows for a broad range of effective response. Moreover, we have no reason to approach the established global economic and political regime on a take-

it-or-leave-it basis. The question can never be only: how much globalization? It must also always be: what manner of globalization?

The overriding aim is a qualified pluralism: a world of democracies. The differences in form of organization and of experience in such a world should be limited only by the requirement that no society claiming to be free should make reform depend on crisis, or deny to the dissenting individuals and groups that may emerge within it the effective power as well as the formal right to challenge it. This power and this right will never be wholly secure unless the individual is free to escape the society and culture into which he was born. Greater freedom to cross national frontiers and work abroad is not only the most powerful equalizer of circumstance among nations. It provides individual liberty with a default safeguard.

The role of national differences in a world of democracies is to represent a form of moral specialization: humanity can develop its powers and possibilities only by developing them in different directions. A premise of such a qualified pluralism is that representative democracy, the market economy, and a free civil society lack a single natural and necessary form. They develop through renewal of the institutions that define them.

A reform of globalization will never be offered by an international elite of reformers to the grateful, well-

behaved masses of ordinary men and women. It must be the result of a struggle rooted in what remains the most important setting of the search for alternatives: the nation-states and regional blocs of the world. For such a reform to be realized, many countries must take a direction that brings them into conflict with the established rules and formative compromises of the global order. The constraints imposed by the present order are unlikely to prevent any determined country from taking the first steps in the pursuit of alternatives like those I explore here. These constraints will nevertheless become intolerable as such alternatives are pushed further.

Today the societies with the greatest potential to be seats of resistance may be the continental developing countries — China, India, Russia, and Brazil. These countries combine within themselves the practical and spiritual resources with which to imagine themselves as different worlds. Their advantage as agents of world transformation, however, is no more than relative and circumstantial. Moreover, each of them has recently been inhibited, for different reasons, in its ability to make good on this potential for defiance. To succeed in their attempts at rebellion and reconstruction, they would need help not only from one another but also from Europeans and internationally minded Americans.

Reforms in the arrangements of the world political

and economic regime must then be demanded by nation-states that insist on reconciling their rebellious experiments with full engagement in that regime. The reforms would in turn facilitate the progress of the heresies. It is in this interplay between national deviation and global reconstruction that the best hope for humanity now lies.

The program of the progressives for the reform of globalization should include at least three elements: redesign of the global trading regime; redirection of the multilateral organizations – particularly the Bretton Woods institutions; and containment or transformation of the American ascendancy.

The emerging system of world trade is now organized on three principles, each of which should be radically revised. The first principle takes the maximization of free trade to be the commanding goal of the world trading regime. The almost unbroken record of dosage and selectivity in free trade that has accompanied the rise of all the richest contemporary economies is regarded by the ideologues of the present system as an archaic misdirection. Instead of such a qualified approach, there is an attempt to entrench as inflexible trade law what throughout most of modern history has been no more than a controversial and contested doctrine.

A corollary of the maximization of free trade is the minimization of opportunities to opt out of the

general trade rules. The General Agreement on Tariffs and Trade was prodigal in such opportunities. The World Trade Organization regime to which it gave way has drastically restricted them.

The chief goal of the global trading regime should be to facilitate the coexistence of alternative development trajectories and experiences of civilization within the ample limits of a democratic pluralism. Free trade is a means, not an end. No open world economy will be secure that depends on the suppression of democratic experimentalism, including experimentation with the institutional arrangements that define both political democracy and the market economy.

A corollary of this contrasting principle is that countries should enjoy wide latitude in their ability to opt out of the general trading rules so long as such opt-outs are negotiated on the basis of corresponding loss of access to the markets of other countries. An opt-out may not be in the sole interest of the countries that exercise it; it may be in the interest of the whole world. Like the member states of the global order, the whole world has a stake in hedging its bets by encouraging more variety of national experience than this counterprinciple would allow if it were not supplemented by opt-out rights.

The second principle of the present world trade regime is the effort to organize world trade on the

basis of a particular, dogmatic view of how a market economy should be organized. The result is a drive to incorporate into the rules of the trading system the forms of private property and contract now established in the richest economies and to outlaw as prohibited subsidies a broad range of possible forms of coordination between government and private enterprise.

A market economy cannot create its own presuppositions, including its institutional presuppositions. From the standpoint of the abstract idea of a market it is entirely arbitrary where and how we draw the line between the permissible and the impermissible instances of association between the State and private firms. Nevertheless the confused ideas we so often mistake for economic orthodoxy regularly associate one particular way of drawing this line with both the nature of the market and the requirements of free trade. The narrower the room allowed to governmental engagement in the creation of new types of market – affording more opportunity to more people in more ways – the greater the likelihood that the distribution of comparative advantage in the world economy will appear to be a fact as natural, and as hard to change, as the distribution of climates.

The opposing principle on which the alternative should be based is a refusal to incorporate into the global trade regime the assumptions of any particular variant of the market economy, save such as-

sumptions as may result from basic human rights. The applicable standard of such rights should evolve as humanity becomes less tolerant of oppression and according to the extent the global order turns into a world of democracies. This evolution should, for example, reflect pressure to universalize standards of occupational safety, to prohibit child labor, to guarantee the right to organize unions and to strike, and, more broadly, to ensure democratic participation in national life.

Within these limits, the trading system should not entrench one version of the accidental combination of rights we call property. Nor should it impose, in the name of the idea of intellectual property, the way of turning innovations into assets that the rich countries have come to favor. It should not outlaw as prohibited subsidies the use of governmental power to reshape markets as well as to overcome the inhibitions of relative backwardness. Market-making initiatives should not be confused with market-trumping allocations of resources.

The third principle on which the global trading regime rests is a selective understanding of what the idea of a free world economy means. A system is established under which capital is to be free to roam the world while labor remains imprisoned in the nation-state or in blocs of relatively homogeneous nation-states like the European Union. They call this selective unfreedom freedom.

The contrary principle should be affirmed that capital and labor gain together, in small cumulative steps, freedom to cross national frontiers. Nothing would contribute more to a rapid moderation of inequalities among nations than greater freedom of movement for labor. Nothing would go further toward accelerating a change that has for long, although unevenly, been happening in the world: the substitution of institutional and moral distinction – shared engagement in building a shared future – for generational succession as the basis of what a nation is.

To all the many problems that the strengthening of such a right would produce – in particular, the threat to the position of labor in the richer countries and the danger of reactionary backlash – the answer is always the same: to progress step by step. Temporary work permits must come before full social entitlements, and the right to join must be balanced by the power to exclude. The change of direction would nevertheless have tremendous impact on the character of the world order and on the nature of every state within it.

Reform of the global trading system should be accompanied by the reorientation of the multilateral organizations: in particular the original organizations of the Bretton Woods system – the International Monetary Fund and the World Bank. These organizations now serve as the long arms – harshly (the IMF) or softly (the World Bank) – of the program that the



richer countries press on the poorer ones, and that the poorer ones accept only when they have been so improvident or so unlucky as to depend on the assistance of their would-be tutors and censors.

In a period in which many alternatives in development strategy and institutional order flourished these organizations might have reason to exert a contrasting pressure: to seek a basis of core common principles and commitments on which to establish an open global economy in a world of democracies. However, in a situation such as the one in which we now find ourselves – the dictatorship of no alternatives – their chief role must be to support the emergence of difference. They will be most useful to humanity if they act in contrarian fashion, seeking convergence when divergence prevails and divergence when convergence rules.

The principle should be established that insofar as these organizations have universal responsibilities they should have minimal powers. For example, the minimalist work of the IMF should be to help keep the world economy open in the face of occasional balance of payments crises and deep differences of orientation. Far from using trouble as an occasion to impose uniformity, it should help organize – or in the last resort, provide – short-term bridge loans or credit enhancements the better to support national experimentation.

To the extent, however, that the multilateral organizations are deeply involved — as public bankers, public venture capitalists, or public experts — in assisting and in helping to define national development strategies and national reform agendas, they should serve pluralism. The only sure way for them to serve pluralism is for them to become pluralistic themselves. In the exercise of these trajectory-shaping responsibilities, they should either be broken up into multiple organizations or transformed into shells or networks accommodating rival teams. Each of these multiple organizations or teams would place itself at the service of different strategies and agendas.

Such a scheme could be effectively implemented only if its financing were largely automatic. It might be funded, for example, by a worldwide surcharge on the most common and the most economically neutral tax in the world today: the comprehensive flat-rate value-added tax. If the world were wise and just enough to tolerate a modicum of redistribution, such a surcharge might be calculated at three or four rates, according to a country's per capita income. Call this tax the pluralism tax: a tax levied to help support the marriage of economic progress to institutional diversity.

Until a more genuine plurality of powers once again emerges in the world, neither the reform of the international trading system nor the reorientation of multilateral organizations will suffice to create a

global order more hospitable to democratizing alternatives. For such a pluralism to prevail it is also necessary to contain the American ascendancy or to transform its character. At least since the Second World War every American government has struggled to subject the precarious framework of international organization to the ideological commitments and security concerns of the United States. Every American administration has stood behind the curtains of the international organizations and pulled the strings. For over a hundred years the unwavering goals of American foreign policy have been to exercise undisputed hegemony in the Western hemisphere and to prevent any other power from so consolidating its regional position in any other part of the world that it is then able to bid for global influence. Better American hegemony than any other that is now thinkable. But much better yet no hegemony at all. Better even – or especially – for the American people, who risk losing a republic to an empire.

The United States is a revolutionary power: its conception of its interests is as much ideological as it is practical. Its civilization represents a heretical variation on some of the central ideas of the West. Americans have wanted to exempt their own institutions from the experimentalist impulse that otherwise prevails in their culture. They have believed themselves to have discovered the formula of a free society, a formula

to be revised only rarely and in the face of extreme pressure. They have thus frozen the dialectic between institutions or practices and ideals and interests that is indispensable to the improvement of society. At the same time they have given a central role to a conception of self-reliance that downplays our claims upon one another and that exaggerates the extent to which the individual, relying on himself, can make himself into a little king. Their conceptions of political democracy, of the market economy, and of a free civil society are faithful expressions of these beliefs.

All humanity has a stake in preventing this faith from being imposed, in the name of freedom, on the rest of the world, and in denying to its sponsors the prerogatives of Constantine. Only by circumscribing the force and by changing the nature of the American influence can we create a world situation more open to the national and international reforms that represent the best hope of a way forward today.

How can a broader pluralism of trajectories of development and experiences of civilization be reconciled with the fact of American predominance? To deny the fact of that predominance and to cling to the juridical fantasy of the equality of states is to renounce the work of answering this question.

Compare three traditions of international thought and practice in modern history: Metternichian, Wilsonian, and Bismarckian.

The Metternichian tradition has order as its formative commitment and the concert of great powers against efforts at subversion as its preferred method. Transforming present advantage into vested right, it seeks to bar the gates against revolution.

The defining aim of the Wilsonian tradition is to universalize national self-determination. However, it sees national self-determination as an instrument for the propagation of values and institutions closely identified with the great powers – or the great power – that supports the state system. It favors a pluralism of power, through its commitment to national self-determination. Yet it sees no incompatibility between such pluralism and its commitment to propagate the institutions and ideals of the sponsoring powers or power. Its principal method is international law and international organization, supplemented by wars that are also ideological crusades. Its program depends on the happy accident of coincidence between might and right; the rise of the United States to world power is the supposed providential fact on which its reasoning relies. It is therefore unable to admit any contradiction between the defense of this power and the interests of humanity.

The overriding concern of the Bismarckian tradition is to avoid the consolidation of any such hegemony, particularly its consolidation through war. It wants to prevent any of the great powers from

crowding the others out, or from forcing them to choose between war and surrender. Abstracted from its original historical setting, it is defined both by its attachment to a plurality of centers of power and by its skepticism about the association between power and ideology. To achieve its ends, it seeks to draw great and lesser powers into shared understandings and practices of concerted action. Its preferred method is to concentrate on practices lying in a middle zone between force (exercised through war or threat of war) and law (anchored in ideology). From this fixation on the middle ground results one of its greatest strengths: its openness to correction in the light of experience and of changed circumstance.

The containment of the American hegemony in the interest of democratic pluralism requires a transposition and recombination of two of these three traditions. From the Wilsonian tradition we should take the commitment to national self-determination and human rights, freeing them from the institutional and ideological dogmatism that invites confusion between what one country preaches and what mankind needs. From the Bismarckian tradition we should take the commitment to a plurality of centers of power and the effort to advance this commitment through understandings among states, understandings articulated in a region midway between law and force. However, we should unburden this commitment to a

plurality of powers from any reluctance to define moral and political limits to the national differences that should be tolerated in a world of democracies.

In this spirit, imagine a political-diplomatic initiative outside the relatively stultified United Nations system. Its relation to that system would be open-ended; to the extent it succeeded it would help bring the United Nations back to life. The basic partners in the initiative would be the internationalist current of opinion within the United States, the European Union, and some of the large developing countries (China, India, Russia, Brazil). The initiative would seek to establish a regime of relations between the United States and the middle-level powers with the following operating rules.

First, major issues of international security and reform are to be decided by a consensus among the partners. Consensus is defined as a marked preponderance of opinion among the United States, the European Union, and the continental developing countries. Democratic self-government is not a requirement for participation in this entente but neither is absence of progress toward democracy compatible with continuing engagement in its affairs.

Second, the partners of the United States in this entente acknowledge the fact of American ascendancy without affirming its legitimacy. The practical implication is that no threat to the vital security interests of

the United States can be tolerated by the entente. Conversely, the United States serves as a co-guarantor of the multilateral regime.

Third, although at the limit the United States is free to act on its own understanding of its security interests, whenever it acts in defiance of the understanding of its partners in the entente, it pays a price. It leads them to draw closer together to circumscribe it. This ganging up of lesser powers against the United States is, however, the result that it has been the foremost goal of American policy to avoid. Thus, the regime benefits from a self-stabilizing mechanism.

Such a political-diplomatic construction represents an attempt to escape the dangerous contrast between the brute fact of American hegemony and the juridical fiction of equality of states. Deploying devices that are proto-legal rather than either legal or extra-legal, it has a vital attribute: it is capable of evolving.

At the heart of such a regime lies a bargain. Through the voices of the lesser powers the world recognizes the fact, not the right, of the American ascendancy. It does so in exchange for an advance toward global pluralism. Anxious to escape both the dangers of anarchy and the burdens of empire, the United States, in return, accepts a system that raises the price for unilateral American action undertaken in defiance of multilateral understanding.



## *Two conceptions of the Left*

What does it mean to be a Leftist today? A preexisting idea must be realized in a new circumstance through a new project. The new project in turn requires the reinvention of the preexisting idea.

Two conceptions of the Left should now struggle for primacy. One expresses the orientation of institutionally conservative social democracy and of its continuing retreat from transformative ambition in richer as well as in poorer countries. The other animates, deepens, and generalizes a programmatic direction like the one outlined in these pages.

The first of these two conceptions prevails, although few of its votaries acknowledge it for what it is. It has two parts: only one of these parts is regularly

made explicit; the other one usually remains in the shadows.

The part made explicit is the commitment to greater equality of resources and of life chances, to be achieved mainly through compensatory redistribution by tax and transfer. The main work of such redistribution today is to attenuate the income effects of the hierarchical segmentation of the economy; the primary concern is with inequality of income and of living standards. The apparent extremism of the commitment to greater equality coexists with the narrowness of the intended result – greater equality of income – and of the preferred means – retrospective correction through use of governmental transfers.

The part left in the shadows in this dominant conception of the Left is acceptance of the established institutional background of economic and political life. Experiments in institutional reshaping are associated with the calamitous political adventures of the twentieth century. The point is to sweeten what we no longer know how to rethink and to reshape. If there are great institutional changes to make, we do not know – according to this view – what they are. If we did know, we might nevertheless be powerless to bring them about and well advised to fear the dangers of any attempt to introduce them.

Many of the most influential political philosophies of the day theorize the combination of redistributive

egalitarianism with institutional skepticism or conservatism. In so doing they confer a philosophical halo on social democracy. The philosophers agree for the most part about the end point: the rectification of classical liberalism by redistributive and institutionally conservative social democracy. They disagree only about the starting point: in what vocabulary is this pietistic and hopeless dogma best expressed, and on what assumptions is it best grounded. How could such window-dressing pass for thought?

It may seem strange that a redistributive egalitarianism, which when formulated abstractly may seem radical, should coexist with a craven acceptance of established arrangements. The apparent contradiction, however, reveals the real result: the unchallenged and unchanged institutional arrangements cut the theoretical egalitarianism down to size. The measure of economic equality that can in fact be brought about is the measure compatible with these arrangements. We know from historical experience that social entitlements work, but they work better to empower than to equalize. Insofar as they equalize, their effect is ancillary to such reforms as may broaden economic and educational opportunity.

The theoretical and extreme egalitarianism of this conception of the work of the Left, with its single-minded focus on material circumstance, serves as a consolation prize. We cannot become bigger; so let us become more equal. This substitution reverses the

relation that should exist between the enlargement of human powers and the commitment to diminish extreme and entrenched inequalities, of circumstance as well as of opportunity. To enable everyone to enlarge those powers is our best reason to overcome these inequalities. We know we are doing little good, in exchange for certain harm, if our efforts to moderate the inequalities serve only to make it easier for us to bear the diminishment of our powers.

An alternative conception of what it means to be a Leftist replaces both elements of this fake egalitarianism. In the place of the institutional conservatism and skepticism it puts a succession of institutional changes and a practice of institutional experimentation. The point is to reject the choice between wholesale institutional change and humanization, through economic redistribution and legal idealization, of the established arrangements. The project that takes the place of this unacceptable choice is the democratization of the market, the deepening of democracy, and the empowerment of the individual. The practice that takes its place weakens the contrast between engagement in a world and action to change that world, so that we can better defy and transform while we engage.

The overriding goal to which this practice and this project are directed is to make us bigger, both individually and collectively, and to make us more equal, in circumstance as well as in opportunity, only insofar as

inequality diminishes and confines us. The aim is less to humanize society than it is to divinize humanity: to bring us to ourselves by making ourselves more godlike.

The most primitive sense of this impulse to divinize humanity is the effort to equip our constructive energy, diminishing the contrast between the intensity of our longings and the paltriness in which we waste our lives. The poet Wordsworth described the problem in his pamphlet, "The Convention of Cintra," but he did not suggest the nature of the solution:

. . . [T]he passions of men (I mean, the soul of sensibility in the heart of man)—in all quarrels, in all contests, in all quests, in all delights, in all employments which are either sought by men or thrust upon them—do immeasurably transcend their objects. The true sorrow of humanity consists in this;—not that the mind of man fails; but that the course and demands of action and of life so rarely correspond with the dignity and intensity of human desires: and hence that, which is slow to languish, is too easily turned aside and abused.\*

However, there is a solution — at least to some extent and in some sense. It requires a sustained set of

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\* William Wordsworth, "The Convention of Cintra" in *The Prose Works of William Wordsworth*, edited by W.J.B. Owen and Jane Worthington Smyser, Oxford University Press, Oxford, 1974, volume 1, page 339.

changes in the organization of society as well as in the orientation of consciousness. Its benefits touch on our most fundamental interests. First, on our material interest in lifting the burden of poverty, drudgery, and infirmity weighing on human life; it lightens this burden by developing those forms of cooperation that are most hospitable to permanent innovation. Second, on our social interest in disengaging our cooperative relations from the restraints on predetermined social division and hierarchy. Third, on our moral interest in creating circumstances that enable us better to reconcile the conflicting requirements of self-construction: to live among others without surrendering to them our self-possession. Fourth, on our intellectual and spiritual interest in so arranging society and culture that we are better able to be both insiders and outsiders, and to engage without surrendering.

The enlargement of human powers, individual and collective, we should seek and prize is the combination of these four interests. The protagonists and beneficiaries are ordinary men and women rather than an elite of heroes, geniuses, and saints.

The ideal of equality plays a twofold role in such a conception: as a presupposition and as a practical requirement. As a presupposition equality means that we are all capable of becoming bigger and more god-like; the divisions within humanity are shallow and ephemeral. Particular nations or classes may pioneer

insights, inventions, or arrangements that have value for all mankind. The particularity, however, will then belong to the plot rather than to the message.

As a practical requirement equality means avoiding extremes of privilege and deprivation: preventing the hereditary transmission of economic and educational advantage and disadvantage through the family from shaping decisively the life chances of individuals. It also means imposing limits on the benefits that will be allowed to accrue to individuals as a result of their inherited intellectual and physical endowments. How much and by what criteria? By no metric other than the evaluation – in the living circumstance – of the danger of entrapment in self-sustaining privilege, weighed against the benefits of flexibility, of opportunism, of free experiment in the project of democracy and divinization.

Such an evaluation will have all the controversial and paradoxical characteristics of action and intention in context. Any attempt to entrench a rigid equality of circumstance, or to adopt as a guiding principle the preference for whatever arrangements produce the greatest benefit to the least advantaged, will represent a wrong direction. Such an attempt perverts the effort that should rightly lie at the core of the program of the Left: the struggle to make the ordinary big by taking nothing for granted and by reshaping everything, only little by little and step by step.

There is one domain in which the combination of these impulses gains greatest significance and clarity: the reformation of the arrangements defining democracy. The institutional reimagination and remaking of democracy represents more than just another setting for experiment in the service of bigness; it reorganizes the domain of social life that most influences the terms on which we can reorganize all the other domains.

The project of developing a high-energy democracy is common to the proposals that the Left should espouse today for richer and poorer countries. It illustrates in its most general aspects the nature of the marriage between the two elements forming the second conception of Leftism – the practice of institutional experimentalism and the commitment to make ordinary people and ordinary experience greater by giving scope and equipment to its hidden intensity.

Democracy seen from this view is not only about popular self-government and its reconciliation with individual rights. Democracy is also about the permanent creation of the new. The collective practices for the permanent creation of the new are a point at which our most basic interests meet: our material interest in practical progress, our social interest in the subversion of predestination by class and culture, our moral interest in the reconciliation of the conflicting conditions of individual self-assertion, and our spiritual interest in engagement without surrender.



Five themes coalesce in the idea as well as in the institutional construction of such a democracy.

The first theme is the development of arrangements favoring a heightened, sustained, and organized level of popular engagement in politics. Politics with structural content, hospitable to the repeated practice of radical reform in the absence of crisis, must be high-temperature politics. To be fertile for the cause of democracy and for the program of the Left, high-temperature politics must be institutionalized rather than anti-institutional or extra-institutional. To this end, the political arrangements must favor whatever electoral regimes encourage the development of strong political parties, with well-defined programmatic profiles. It must assure political parties and organized social movements greater free access to the means of mass communication, especially television and radio. And it must weaken the influence of money in politics, for example by providing for the public financing of political campaigns and by restricting as much as possible the electoral use of private resources. In particular it must prohibit the use of private money to buy communication time.

The second theme is the bias toward rapid resolution of impasse among branches of governments, and the involvement of the electorate in its resolution. The point should be to turn constitutional government into a machine for the quickening of politics,

not for its slowing down. It is a concern that carries particular force when the constitutional arrangements establish divided government, as they do under an American-style presidential regime. The solution is then to devise means that preserve the plebiscitarian potency of the direct election of a powerful president in a large federal State while equipping the regime with devices for the rapid breaking of deadlock on the basis of popular involvement: comprehensive programmatic plebiscites, agreed by both political branches, and early elections, called by either political branch. As they break impasse, such devices will also help raise the temperature level in national politics.

A pure parliamentary system, without separation of powers, may seem in no need of tools for impasse-breaking. Yet such a system may suffer from the functional equivalent to the programmed slowing down of politics that accompanies divided government: if society is very unevenly organized, the actual development of policy may degenerate into inconclusive bargaining among powerful organized interests. The remedy is to insist on initiatives that raise the level of organized political mobilization. It is to propagate through larger sections of society advanced practices of production and learning, not allowing them to remain arrested within isolated vanguards. And it is to establish social solidarity on the foundation of a universal responsibility to care for others.

The third theme is the determination to rescue people from such circumstances of entrenched disadvantage or exclusion as they may be unable to escape by the means of economic and political action that are readily available to them. This goal should be pursued both remedially and affirmatively.

Remedially the aim should be advanced by the establishment of a branch of government (under separation of powers) or of an agency of the State (under no such separation) equipped with both the practical resources and the political legitimacy to undertake a task for which the traditional Legislature, Executive, and Judiciary are ill suited. The task is to intervene in particular social organizations and practices that have become little citadels of despotism, and to reconstruct them.

Affirmatively the purpose should be served by assuring to every citizen a basic stake of resources as soon as the wealth of society, free from tolerance for extreme inequalities of circumstance as well as of opportunity, so allows. It is a matter of circumstance and experiment whether this minimum stake will take the form of a guaranteed minimum income or of a guaranteed social inheritance. Such an inheritance would be a social-endowment account, consisting of cashable resources on which an individual could draw at turning points in his life. The minimum guaranteed inheritance would vary upward according

to the two countervailing criteria of special reward for demonstrated achievement and special compensation for demonstrated handicap.

As class privilege wanes in force, society must take care not to reinforce excessively those advantages that already result from the inequality of natural endowments. It should do so without embracing a dogmatic formula. Instead, it should multiply the range of recognized excellences, and subject to skeptical scrutiny the practical reasons to reward a particular excellence for sake of the supposed benefit to society (remembering that the expression of such an excellence is itself likely to be a source of both joy and power, requiring no further inducement). It must weigh such reason to reward as may survive scrutiny against the harm the aggravation of the preexisting inequality of endowments by the subsequent inequality of reward may do to the texture of social solidarity.

"Against the superior talents of another person there is no defense," wrote Goethe, "but love." The closest equivalent to love in the outer coldness of social life is the practical organization of the responsibility to care for others, nourished by the patient development of the ability to imagine other people's experience. To inform and inspire that ability must be one of the greatest concerns of education under democracy.

The fourth theme is the commitment to increase

opportunities for experimental deviation in particular places and sectors. No simple inverse relation holds between a strengthened ability for decisive options in national politics and an increased capacity for movement by particular localities or sectors in directions that diverge from such choices. We can have more of both, but only if we renew the institutional arrangements for the ordering of relations among the parts of a national state. It is in the general interest that as society goes down a certain path it should encourage the development of strong contrasts to the future it has provisionally chosen. In this way it hedges its bets.

To this end we should free ourselves from the prejudice that all sectors and localities must enjoy the same, constant power of experimental variation. When strong and broad support develops in a place or sector to opt out of some aspect of the general legal regime and to try something completely different, the experiment should be allowed, even if it imposes a cost on the collective whole. It should be permitted so long as the freedom to opt out is subject to later assessment and confirmation in national politics and so long as it is not used to establish new exclusions and disadvantages, steeled against effective challenge.

The fifth theme is the effort increasingly to combine features of representative and of direct democracy in even the largest states. Direct democracy does not

supplant representative democracy; it enriches it. This fifth theme reinforces the first theme – the heightening of organized political mobilization. Moreover, it enhances the experience of agency that the Left should want to nurture in every part of social life.

The combination of representative and direct democracy can be promoted by the direct engagement of local communities in the formulation and implementation of local policy outside the structure of local government (for example, through a system of neighborhood associations); by organized popular participation in national and local decisions about the measure of experimental variation allowed in the organization of firms, in the regimes of contract and property and therefore in the terms on which capital is allocated and rewarded; and by the occasional use of comprehensive programmatic plebiscites preceded by extended national debates.

A high-energy democracy marked by these five ambitions will never emerge simply because a coterie of ideologists manages to persuade a nation of its virtues. It will be established only when people come to understand that they need such a democracy if they are to achieve the social and economic transformation they desire. They must want much more empowerment and opportunity than they now enjoy. They must understand that they cannot get them within the straitjacket of the established political institutions. No

wonder that the need for a high-energy democratic politics will be most apparent in the unformed countries that suffer from extreme inequalities of opportunity and that bend under the weight of imported or imposed institutions. A larger life for the ordinary man and woman is what people must want, and find themselves denied.

## *Calculation and prophecy*

The advancement of alternatives like these would amount to world revolution. It would not deliver world revolution in the form we have been accustomed by the prejudices of nineteenth- and twentieth-century thought to associate with the idea of revolution: sudden, violent, and total change. The transformation would be gradual, piecemeal, and generally peaceful. It would nevertheless be revolutionary on several counts. It would overthrow the dictatorship of no alternatives under which we now live. It would do so by breaking the limits of the restricted repertory of arrangements for the practical organization of society that is our most vivid experience of a collective fate. It would combine, as every



revolutionary change does, a political and a religious transformation; a change both in the institutions under which we live and in the ideas about humanity that these institutions embody. The most important sign that we will have succeeded would be that we would have diminished the dependence of change on crisis.

That we have trouble in recognizing revolutionary alternatives for what they are is a direct consequence of the habit of misunderstanding directions as blue-prints. A false dilemma paralyzes programmatic thought. A proposal that is distant from present ways of doing things is derided as interesting but utopian. A proposal that is close to established practice is dismissed as feasible but trivial. Lacking a credible conception of structural transformation, we fall back on a fake criterion of political realism: proximity to the existent. We fail to see what a programmatic argument rightly is: the vision of a direction and of the next steps. As we change in fact or reconsider in imagination our practices and arrangements, we revise as well our understanding of our interests and ideals. This thinking from the bottom up and from the inside up uncovers ambiguity in the midst of dogma and opportunity in the midst of constraint.

The idea of social alternatives remains caught within the slowly decaying corpse of the great evolutionary narratives of the last two hundred years of social thought with their now unbelievable ideas about

indivisible systems succeeding one another by force of inexorable laws. Such narratives, however, have been followed by the rationalizing, humanizing, and escapist ways of thinking established in the contemporary social sciences and humanities. These tendencies of thought have denied us a basis on which to think programmatically. We should not wait to be provided with that basis by a transformation in theory; we should build as we go along, under the discipline of our efforts to define and to take the next steps.

A set of proposals like these is a rushing ahead – ahead not only of how contemporary societies are now organized but also of what our present understandings allow us with confidence to say. It must draw energy and authority from two distinct types of appeal: one, calculating; the other, visionary.

The calculating appeal is to recognized class and national interests. The two most powerful such interests are the petty-bourgeois demand for a condition of modest prosperity and independence, often identified with the traditional forms of small business or professional independence, and the universal desire to uphold and develop national distinction, usually identified with national sovereignty. People cannot realize these two sets of interests today, in richer or poorer countries, without changing the practices and institutions that have served, up to now, as their vehicles. They cannot refashion these vehicles, how-

ever, without revising their understanding of those interests.

The prophetic appeal is to a vision of unrealized human opportunity. It is not a prophecy that anyone has to invent. It is already expressed in the romantic popular culture embraced all over the world. The storylines of this culture are sentimental, formulaic variations on themes of the high romantic culture of the West, nowhere more fully articulated than in the European novel. The protagonists both find and develop themselves by struggling against their social fate. Even when they fail to change the situation, they succeed in changing themselves. They discover that they have infinities inside themselves; they raise themselves up to a bigger life. They are not so ordinary after all; not the hapless puppets they at first appeared to be.

In one direction this prophecy speaks to the desire for stuff: for consumption and material exuberance. Franklin Roosevelt said that if he could place one book in the hands of every Russian child it would be the Sears Roebuck catalogue. However, if accumulating things may be an alternative to connecting with people, the opportunities afforded by a higher material standard of living may also serve as a passage to experimentation with a broader range of human powers and possibilities.

In another direction this prophecy voices a higher hope. It is the hope that society will recognize and

nourish the constructive genius of ordinary men and women; that, as a result, seemingly intractable problems will yield, one after another, to undaunted ingenuity; that the reform of society and culture will lift from our efforts at self development and cooperation the incubus of a rigid scheme of social hierarchy and division; and that none of us will therefore have to choose between surrender to subjugation and isolation from others, or between engaging with a particular world on its terms and keeping the last word, of judgment and resistance, for ourselves.

The basis of these hopes is an idea about ourselves: the idea that we are greater than all the particular social and cultural worlds we build and inhabit; that they are finite with respect to us, and that we are infinite with respect to them. There is always more in us – in each of us individually as well as in all of us collectively – than there can ever be in them.

No social order can provide a definitive home for the human spirit so understood. However, one order will be better than another if it diminishes the price of subjugation that we must pay to have access to one another. One order will be better than another if it multiplies opportunities for its own revision, thus attenuating the difference between acting within it, on its terms, and passing judgment on it from the outside, on our own terms. One order will be better than another if it enables us to shift the focus of lives

away from the repeatable to that which does not yet lend itself to repetition: to the perpetual creation of the new. Not the humanization of society, but the divinization of humanity, is the message of this prophecy.

It is a message both enigmatic and impotent so long as it remains disconnected from the driving forces of society and bereft of ideas about the next steps to take. Possessed, however, of such connections and such ideas, its subversive and reconstructive capabilities become all but irresistible.

After the ideological and institutional adventures of the twentieth century, with their terrible record of oppression in the name of redemption, much of humanity may have reason to be wary of proposals to reorganize society. It may prefer to resign itself to small victories in the defense of old rights or in the achievement of new advantages. The discipline of ruling interests and ideas has allied itself with a skepticism that masquerades as realism, creating, all over the world, a semblance of closure.

This sense of an end to ideological and institutional contests is, however, an illusion fueled by a lack of imagination. The interdependencies of the world open up opportunities for reconstruction at the same time that they impose obstacles to straying from the prescribed path. The meaning of any national experiment that is identified as the flawed bearer of a

powerful message about alternatives can now resonate around the world with sensational rapidity. Acts of defiance that seem impossible may, once practiced, seem inevitable.

For over two hundred years a vision of the ability of ordinary men and women to lift themselves up – to become not just richer and freer but also greater – has joined the savage contest of states, classes, and ideologies and the magnifying force of our mechanical and organizational inventions to set the whole world on fire. To our faithless eyes, unable to discern its glow in unfamiliar form, the flame may appear all but extinguished, or visible only as reaction, terror, and fantasy. It will nevertheless burn again, with a greater light. To what end our ideas and actions must now determine.

## *Postscript: Preface to the German-language edition*

This book is a proposal to change the world, and each part of it, right now, through a series of steps that would carry forward the historical program of the Left. It would carry that program forward by reinventing it. Although this argument reaches out to the whole world, it has a special meaning for Europe and for Germany.

European social democracy has represented, in the eyes of much of mankind, an alternative to the model of social and economic life established in the United States. This alternative still exercises immense attraction even as it has been increasingly emptied of its

distinctive content on its home ground. It is in the interest of all humanity as well as of Europe that the European nations continue to embody for the whole world the image of a different way. They are ceasing to do so.

European social democracy has retreated to the last-ditch defense of a high level of social entitlements, giving up one by one many of its most distinctive traits, both good and bad. The ideologists of this retreat have tried to disguise it as a synthesis between European-style social protection and American-style economic flexibility.

There are now two European Lefts. One of these Lefts accepts this retreat, with alacrity or with resignation. The other Left tries to slow it down, with little hope of reversing it. These two bodies of opinion are adversaries but they are also allies, complicit in the same costly and unnecessary diminishment of the historical ambitions of the Left. Europe needs another Left.

It is a Left that will not be able to accomplish its task within the limits of the institutional and ideological settlement that came to define social democracy in the course of the twentieth century. The cornerstone of that settlement was the abandonment of attempts to reshape politics and production. The Left gave up such efforts in exchange for a strong power to moderate inequality and insecurity through social rights



and redistributive policies. European social democracy is faced with problems that cannot be solved within the limits of this settlement.

There is the need to base both economic growth and social inclusion on broader access to the advanced practices and sectors of production. Without such broader access, economic growth and social inclusion must continue to rest on compensatory measures. These measures provide an insufficient antidote to the deep inequalities and exclusions resulting from the division between the more advanced and the more backward parts of each national economy.

There is the need to establish social solidarity on the basis of people's real responsibility to care for one another beyond the boundaries of the family. Without such direct connection, social solidarity must continue to depend on the inadequate cement of money.

There is the need to give ordinary men and women a better chance to live larger lives. Without such a chance, war will be for some the terrible device by which they can be lifted above "the long littleness of life." Peace will threaten to bring stupefaction and belittlement.

Even the part of the work of European social democracy that can begin to be carried out within the limits of established institutions cannot be completed within those restraints. Two such undertakings for the European Left would serve as bridges between

what needs to be done now and what should be done next – the effort to deal with the problems enumerated in the preceding paragraphs.

The first such bridge is the reorientation of economic policy. Vulgar Keynesianism is not the answer today – if it ever was – to the illusions of the false orthodoxy whose domination of European public finance has been shaken but not broken by the crisis of 2008/2009. Europe's problems of economic reconstruction and economic opportunity cannot be solved by a policy of easy money. Neither, however, should the sacrifices needed to achieve fiscal realism be used, as they repeatedly have been in Europe, to serve the interests and the whims of the capital markets. The additional room for maneuver that governments have created through fiscal sacrifice and monetary discipline should be used instead to change the institutions of finance themselves. For example, public venture capital, conducted on decentralized and competitive market principles and mobilizing some of the accumulated savings of society in the pension, insurance, and banking systems, should be tapped to invest in start-up enterprises and to afford groups of workers and entrepreneurs the technological and financial means with which to innovate.

The second such bridge is the radical reform of education, health, and welfare services. Europeans should refuse to choose between the mass provision

of low-quality, standardized public services by governmental bureaucracies and the privatization of public services in favor of profit-driven firms. It must be part of the role of the state to train, to equip, and to finance new groups and firms in civil society so that they can participate in the reshaping of such services. In addition to monitoring these service providers, and intervening when they fail or abuse, government should experiment with the new and the difficult in the offering of public services. When it operates directly, it should work at the ceiling rather than at the floor of quality. Its approach to public services should be revolutionary.

What unites all these projects – both those that can begin to be accomplished within the frontiers of the historical framework of European social democracy and those already beginning outside those frontiers – is a shift both in method and in vision. The shift in method is the effort to renew and to enlarge the repertory of institutional arrangements now defining representative democracies, market economies, and free civil societies in the rich North Atlantic world. The shift in vision is a focus on building people rather than just on safeguarding them.

The central appeal of such a program for the remaking of Europe must be its appeal to an ideal of restless constructive energy. The greatest historical achievement of European social democracy – the array of social protections with which it has provided

the ordinary citizen and worker – should be drawn into the service of this project of empowerment and liberation.

European social democracy cannot accomplish this work within the limits of the settlement that shaped it. The work to be done demands exactly what that settlement abandoned: the reorganization of economic and ultimately of political life. Relief is not enough; the point is reconstruction.

Moreover, the advancement of such a project implies a reversal of the principle that has so far governed the development of the European Union. According to that principle, everything that has to do with the organization of society and of the economy is increasingly centralized in Brussels. Everything that concerns the economic or educational endowments of individuals remains the prerogative of the member states or of local communities.

For the program of the other Left to go forward in Europe, this principle would have to be turned upside down. The primary responsibility of the government of the Union would be to guarantee all its citizens the economic and educational endowments needed to lift them up and to strengthen their capacity for initiative. By contrast, the national and subnational levels of the Union would enjoy the broadest possible scope for experimentation with the forms of social and economic organization.

Neither of the two existing European Lefts is up to this task; it falls outside the horizon of their beliefs, attitudes, and experience. Europe would have to create another Left: a Left equipped with a clear idea of alternatives, disentangled at last from the nineteenth-century prejudice that alternatives appear, when they appear at all, in the form of sudden and revolutionary substitutions of one system ("socialism") for another ("capitalism"). The truth is that this fantasy has become an excuse for its opposite. If real change is total change, and total change is either inaccessible or perilous, then all we can do is to humanize a world that we no longer know how to reimagine or to remake.

There is a potential constituency for this reconstructive Left. It would have to bring together the orphans of the classical social-democratic settlement – whether petty bourgeois or poor – and some of the organized but weakened interests that provided European social democracy with its historical base. It would also need to reverse the single greatest mistake made by the European left in the nineteenth and early twentieth centuries – a mistake at once strategic and programmatic: to have identified the petty bourgeoisie as its adversary.

Today, in Europe as in most of the world, the majority of men and women nourish the longing for modest prosperity and independence that has traditionally been associated with the small-business class.

The task of the Left is not to oppose them or to repudiate their aspirations but to help fashion the arrangements and ideas that would rescue these ambitions from their narrow reliance on the traditional forms of independent, small-scale property and family selfishness.

The building of such a constituency represents, for the European Left, a difficult but indispensable achievement. It requires a vision of unrealized possibilities to come to the assistance of the cold calculus of class interests. It demands that the anguish about economic insecurity now spreading in Europe not be allowed to degenerate into a contest between insiders and outsiders in which both are likely to lose.

One difficulty overshadows all others in the achievement of this change. Modern social thought, including the intellectual traditions that have exercised the greatest influence on the Left, have looked to a logic of development and transformation, supposedly immanent in history – an unchosen fate – to provide the necessary and sufficient opportunity for change. Marx's theory of society and history was only the most important example. These ideas, however, were mistaken. The most powerful immediate inducements to social reconstruction have come mainly from the external traumas of economic collapse and war. In no part of the world has this truth been more evident than in Europe.

The direction I propose in this book has as one of its major goals to make change less dependent on crisis. The trouble is that the institutional and ideological innovations that would promote this goal are themselves hard to bring about without help from trauma. The spread of fear about economic insecurity may not easily suffice to take the place in Europe of the terrible events that in the European past brought transformation at the cost of suffering.

For this reason, the calculus of interests, in a politics of disillusionment, is not enough. It is necessary to heat politics up: to raise the level of sustained popular mobilization and to combine the languages of interest and of vision. Not everyone in Europe has forgotten how to perform this operation: the Right has repeatedly shown that it knows how to do so, by playing on fear. It will be harder for the Left to do so by playing on hope. Yet this is what the Left must do if it is to undertake its work.

To state the problem of the redirection of the European Left in these terms is to see that it transcends the realm of party politics. It is not just a contest over institutions and preconceptions; it is also a struggle over personality and experience. It must therefore be carried out in every realm of culture and social life, as well as through every aspect of politics.

A tenet of classical liberal philosophy is the stark division between the right and the good in public life.

The legal order of a free society should, according to this conception, be made as impartial as possible among conflicting views of the good. It is a false idea. No ordering of social life, through institutions and practices, can be neutral among forms of experience; every such ordering will encourage some varieties of experience and discourage others. The mirage of neutrality serves the interests and beliefs entrenched under the present regime. It gets in the way of the true and vital substitute for this dangerous illusion: openness to alien experience, to invention, to resistance, to reconstruction, including reconstruction of the institutional arrangements defining a democracy, a market, and a free civil society.

Toward the beginning of Tolstoy's *War and Peace*, Pierre Bezuhov looks up at the sky and sees Halley's Comet: a presage of Napoleon's invasion and, with the invasion, of the storm that will lift people out of the spiritless routines in which they sleepwalk through their lives. What happens when – for worse as well as for better – our lifetimes happen to fall during one of the long intervals between the visitations of the comet?

We should all rebel against needing the comet. For Europeans, and for the European Left as an agent of their self-transformation, the meaning is clear. They must reject the choice between a humane narrowing of their focus in peace and a savage broadening of their



sights in war. They must seek in every area of society and culture to shorten the distance between the ordinary moves we make within the established social and cultural order and the extraordinary moves by which we change pieces of this order. They must develop a politics that moves outside the two historical categories of a mobilizing politics of energized majorities, led or misled by the marriage of leaders and catastrophes into the reconstruction of social life, and a demobilized politics of deals and disenchantment. They must deepen democratic politics by combining traits of representative and direct democracy. They must radicalize the freedom to combine people, ideas, and things – the central promise of a market economy – and turn that liberty as well into a freedom to reinvent the institutions that define what a market economy is. They must, above all, seek to equip ordinary life with the means to be not so ordinary after all.

This book speaks to Germany and its future. It argues for a vision of enlarged possibility in a country whose leaders and thinkers defend and embody a diminished vision of the nation and its prospects.

Little time has passed since the events took place by which the transformative opportunity of the Reunification was squandered. It was an opportunity for the reconstruction of the West through the reencounter with the East. Instead, it became an occasion for the

elites of one part of the country to bribe the people of another part into prostration and passivity.

During the years in which this calamitous and revealing episode in German history took place, the national intelligentsia betrayed Germany. It did not betray Germany by supporting the particular way in which the West dealt with the East; many fought for something better. It betrayed Germany by failing to seize the Reunification as an opportunity to define and to build a different future for the country, compatible with the realities of Europe and of the world.

The German Left, within and outside the Left and Center-Left political parties, is divided along the lines I earlier described when referring to the whole of Europe. Some of the most influential political thinkers and philosophers in the country had long acquired the habit of promoting Anglo-American liberalism and a chastened, stunted social democracy in a Marxist-Hegelian vocabulary, using the words of ideological battles long finished to disguise new surrenders.

Germany, however, need not remain bowed under the dictatorship of no alternatives prevailing in the world. There are features of the national life, in the organization of its economy, in the structure of its society, and in the character of its culture, that lend special relevance to the proposal presented in this book.

The heart of Germany's economic vitality does not lie in a handful of giant firms employing a tiny fraction

of the German labor force. It lies in countless small and medium-sized firms, in the vast periphery of subcontracting and of services that has sprung up around this decentralized productive activity, in the ancient traditions of craft labor that sustain this economy, in habits of discipline and self-sacrifice that have not been wholly lost, and in the depth of knowledge and of skill that, despite the poor quality of much education in Germany, continues to benefit the nation.

The question is: What use will Germany make of this historical legacy? Will its fate remain tied to the future of the declining mass-production industries? Or will it reinvent itself in the model of the experimentalist practices that have become central to economic advance – the mixture of cooperation and competition, the attenuation of stark specialization, the recasting of production as permanent innovation, and the use of the operations that we have learned how to repeat – expressed in formulas that are in turn embodied in machines, the better to shift more time and energy to those activities that are not yet repeatable? Will its strengths and opportunities remain encased within a separate vanguard, weakly linked to other sectors of the economy?

Germans will not be able to give affirmative answers to these questions without taking up, within their politics as well as within their economy, the reconstruction of the economic order and of the ways

in which government and private enterprise can relate to each other. The arm's-length regulation of business by government and the traditional regimes of private property and contract are just as insufficient to the accomplishment of this goal as are the governmental direction of the economy and the suppression of the market. The Left in Germany, as elsewhere, should propose to reorganize the market economy, the better to make economic opportunity available to more people in more ways, rather than just to regulate it or to compensate, through retrospective redistribution, for the inequalities and the insecurities to which the workings of the market give rise.

In every country in the world, most people work outside big organizations. In a few countries—notably the Scandinavian social democracies—the arrangements of political and economic life have allowed the big organized interests of labor and business, under the watchful eye of the state, to do a half credible job of representing the interests of the unorganized as well as of their own members. In most countries, no one supposes that big organizations are anything different from what they seem to be: the organizational tools of insiders, frightened or grasping, trying to hold out against all the outsiders.

What distinguishes Germany in this respect is that the big organizations retain some measure of legitimacy without, however, displaying any of the solidaristic orientation—responsibility to the outsiders—that might

justify their power and their authority. Therefore, the country needs to free itself from their stranglehold. The aim is not to assert the power of a free-floating market. It is to attack, through the reorganization of the economy and of politics, the divisions between insiders and outsiders. The watchword must be opportunity – and capacity-ensuring endowments – for everyone rather than privilege for some.

What has always characterized German culture is oscillation between extremes of romantic subjectivity and rebellion and of hopeless surrender to the world as it is. The cultural life of the German people is now dominated, with a vengeance, by the anti-romantic side of this polarity. Many leading German intellectuals have hailed this shift as a sign of growing up. It is, however, an expression of giving up. The whole country has been led to confuse disillusionment with realism. It has been taught to forget that the worldly are unable to change the world.

Germans should never have been content, in the course of their traumatic national history, to sing in their chains. Best of all is to sing unchained. However, it is better to sing in one's chains than not to sing at all; the unchaining, never complete, cannot continue without the singing.

The solution to this problem is not a return to the romantic pole of the alternation between romanticism and anti-romanticism in German culture. The solu-

tion is to attack the alternation itself, and to reestablish the poetry of vision within the prose of reality.

A central flaw of romanticism, in all its forms but especially in its political manifestations, is its despair about structure and repetition. Spirit, authentic feeling and life, can, according to the romantic view, exist only in interludes of rebellion against repetition, embodied in the compulsions of character — the hardened form of a self — or in the rules of institutions — the hardened form of a society.

Contrary to both the romantic and the anti-romantic views, we can change our relation to the arrangements of society and culture. We can create a social and cultural world that allows us to engage without surrendering our powers of resistance and transcendence. It is a large project, and it invokes an old story: in Christian language, that spirit be incarnate in the world rather than floating, disembodied, above it. Stated in such abstract terms, it is a story that may seem almost empty. However, it can acquire, in a particular historical setting, a definite programmatic content, connected with struggle over the way to realize our recognized interests and our professed ideals.

The promising answer to the perils and illusions of political romanticism is not, as the political, business, and intellectual elites of contemporary Germany would have the Germans believe, to seek refuge in coarseness, made tolerable by lack of imagination. It is

to change the world, our world, piece by piece. We cannot change the world without changing our ideas.

The reader should understand that this book forms a small part of a large intellectual program: a struggle<sup>\*</sup> against fate through thought, an effort to give new meaning and new life to the projects of individual and social liberation that for the last two hundred years have shaken and aroused the whole world, a fight to imagine the forms that those projects can and should take if they are to have a future.

I have pursued this intellectual program by building a radical alternative in social theory to Marxism,<sup>†</sup> by recasting legal thought as an instrument of the institutional imagination,<sup>‡</sup> by proposing particular institutional alternatives for the organization of the economy and the state,<sup>§</sup> and by developing a philosophical conception

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<sup>\*</sup> Much of my work, published and unpublished, is accessible online: [www.robertounger.net](http://www.robertounger.net).

<sup>†</sup> See *Social Theory: Its Situation and Its Task* (Verso, 2004); *False Necessity: Antinecessitarian Social Theory in the Service of Radical Democracy* (Verso, 2001); *Plasticity into Power: Comparative Historical Studies on the Institutional Conditions of Economics and Military Success* (Verso, 2004).

<sup>‡</sup> See *The Critical Legal Studies Movement* (Harvard University Press, 1986); *What Should Legal Analysis Become?* (Verso, 1986).

<sup>§</sup> See *Democracy Realized: The Progressive Alternative* (Verso, 1998); *What Should the Left Propose?* (Verso, 2005).

of nature and mankind within which history is open, novelty is possible, and the divinization of humanity counts for more than the humanization of society.\*

No influence on this body of thought has been greater than the influence of German philosophy, with the exception of the yet greater influence of Christianity. This book may fall on deaf ears in the Germany of today. In it, however, a foreigner addresses German readers in the name of universal ideals and with the help of German ideas.

I belong to the generation of 1968, which, throughout the world, hoped to recast society on the model of the imagination. I have tried to learn from disappointment and defeat, but I have not despaired. "If the fool would persist in his folly," wrote William Blake, "he would become wise."

*January 2007*  
*revised August 2009*

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\* See *Passion: An Essay on Personality* (Free Press, 1984), or the German edition of the same book, *Leidenschaft: Ein Essay über Persönlichkeit*, translated by Michael Bischoff (S. Fischer, 1984); *The Self Awakened: Pragmatism Unbound* (Harvard University Press, 2007).



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