

Democracy in Times of Unstable Conditions
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Essay on Internal Threats to Democracy

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There is abundant worry in recent and contemporary social and political discourse for Western democracy¹ and its fortunes: the ubiquitous rise of the xenophobic far right, polarization, climate change, economic malaise, fake news, the pernicious influence of social media, the vulnerability to the rising influence of such autocratic countries as Russia and China. This essay will make the argument that the most fundamental threat to our democracies comes from within, indeed is interconnected with the very structure and history of Western democracy, and for that reason all the more ubiquitous and pernicious. In short, and from the outset, the essay will make the argument that the most disconcerting and fundamental threat to democracy is the inordinate amount of power held by big globalized capital, which deprives the peoples of modern states from any say in deciding economic policy in any meaningful way, and thus from a very important lever in steering our common life and controlling our common fortune. In making this argument we shall draw from the recent history of the 2008 economic crisis and its aftermath, as well as from the phenomenology of the average democratic citizen's political life. In the end, a respectful criticism of the inability of contemporary political philosophy to conceive the problem in its proper dimensions shall be offered, along with a tentative proposal for the necessity of a change in outlook and approach.

If we define democracy, as is commonly done, by breaking the original Greek word *demokratia* (δημοκρατία) in its constitutive parts, demos and kratos, the people and power, it is clear that in such a system of government the people need to be able to collectively wield power over their lives, to steer those parts of their individual lives that are commonly shared towards a collectively decided upon and chosen end. In modern representative democracy² this power of collective decision is summarily invested in a limited number of elected representatives for a limited time period during which they might as sovereigns collectively decide upon common ends and means. After the end of the Cold War and the collapse of communist regimes, it was reckoned that this sort of liberal democracy had triumphed, and we had reached what Francis Fukuyama famously termed 'the end of history'. The unprecedented welfare and prosperity experienced in democratic polities served to underwrite such a conclusion. All these certainties were irrevocably shaken during the 2008 economic crisis, when, due to the lack of regulation and to the impressively reckless practices of the banking and financial system of the USA and Europe, global economy faced the biggest collapse since the Great Depression of 1929. The crisis was mitigated, short of complete catastrophe, by government bailouts³, funded by taxpayers' money, which were handed out to the predominantly responsible for the crisis, banks so that they would not default, spelling doom for the whole economy.

¹ The adjective 'Western' seeks to denote the variant of liberal, representative democracy that has been the staple of modernity in the West, but by no means the only conceivable or even valid form of democracy.

² Even though contemporary political philosophy has at length developed and explicated theories of democracy that criticize the prevailing representative system as too anaemic and thin, proposing instead the institution of participatory and deliberative procedures of varying degrees which would involve larger and larger segments of the democratic people, the present argument will be that even such an anaemic form of democracy cannot operate in contemporary economic conditions.

³ This happened in the US with the 2008 Emergency Economic Stabilization Act as well as in Germany and France in 2008. Various European countries, such as Ireland, Cyprus, and Greece, followed in the context of the European debt crisis, with bailout money given both to domestic banks and indirectly to international banks to which those countries were indebted. European taxpayers' money was essentially used to buy the unbuyable Irish, Greek etc. bonds that had irresponsibly and speculatively been bought by international banks. These countries thus lost the

What this experience brought to the fore was that in modern (or postmodern?) oligopolistic and globalized capitalist economy, there are certain institutions and companies that are simply too big to fail. If, indeed, in these dire times, the banks that were responsible for the crisis were left unaided and had defaulted, the repercussions for the average citizen would be much more crushing than the result. This means, in direct terms, that big capital is very able to hold the democratic people hostage to its demands. But their very size, banks, financial institutions, and other big capital companies can demand a handout anytime they are in dire straits, even when the situation is of their very own doing. And the taxpayers are forced to oblige them, if they do not want to face unprecedented poverty and economic destruction. That means that, in the end, democratic citizens are not really in control of their state's economic policy. Besides the natural constraint they face because of scarcity of resources, this scarcity is even more significant because they have to prioritize the salvation of big capital which has become essential for the salvation of the wider economy. Caring for the unemployed, the poor and all that faced the fallout of the economic crisis, necessarily comes as a second consideration, an afterthought. What is even more problematic is that no government control over the bailed-out banks was retained. It was essential that they continued to administer themselves even though it was that very administration that led to their crash. The people became in essence non-voting stockholders of large financial institutions that in a very real sense held their fates in their hands. It was a game where big capital held all the cards and there was no other way but capitulation to its demands.

This historical experience is of course just one facet of the underlying problem. The 2008 crisis was - more or less - resolved, global economy is back on its path to growth and states have adapted and supplemented the previous lack of regulation of the financial sector. But the fact remains that there are certain private companies that retain the characteristic of being too big to fail. Our modern growth and consumption paradigm requires their existence. Oligopolistic capitalism, far from the sort that Adam Smith envisioned in his *Wealth of Nations*, is a necessary precondition for the most efficient production of a wide range of consumer goods. We can indeed not imagine the existence of small, neighbourhood automobile or energy industries. Such enterprises require, if they are ever to be profitable, such immense investment that they would never even be contemplated in small- or middle-scale terms. The same goes of course for those banks and financial institutions that lend to those big capital players.

One might very well wonder why this poses a problem to democracy. After all, a large share of our prosperity stems from these big companies' operations. The structural problem of our democracies is exactly that we have invested too much of our lives on a few big players of the economic system. This ensures that we are hostage to their preferences in a much more significant way than being simply obliged to bail them out in times of crisis. The peoples of modern democratic states are completely unable to devise any meaningful program of combatting inequality and enforcing distributive justice or to seriously contemplate any change of

ability to default on their massive debt, which would cripple these international banks in question, having to accept equally crippling austerity programs that were politically negotiated with the European countries that were their new creditors.

economic system. Any measure against inequality that would incorporate a significant redistributive element is doomed to fail from the outset. In a globalized world we cannot severely tax big capital in order to redistribute part of its profit to the worst-off and try to close the inequality gap, since with any such attempt of the democratic people big capital is ready to flee the taxing state, if it doesn't already have its holdings in a different jurisdiction. Even worse, our modern growth and consumption paradigm⁴ requires that the big capital remains in our state and gives us employment and a limited amount of taxes and that it continuously innovates and expands its production output. Even if we assume a benevolent capitalist who decided against fleeing the taxing state and participate in the great redistribution, they would most definitely be deterred from further investing in innovation and our economies would stagnate. Democratic citizens are then in a deadlock: any meaningful redistributive policy is off the table.

This is empirically corroborated by the universal corrosion and retreat of the welfare state in the West. Ever since the collapse of communism, the spectre of which was maybe the most significant impetus for the proliferation of social welfare in western states, we have seen a backtracking in very basic social rights and benefits. This escalated during the 2008 economic crisis, where some countries, such as Greece, Spain and Portugal, saw a sweeping deregulation of their labour rights and social welfare systems, resulting in something unseen ever since the 1970s. This complete inability for any meaningful change has also led the traditional centre-right and centre-left parties that alternated in power in Western countries ever since the end of World War II into adopting more and more similar policies, trying desperately to fit their deviating political programs into the asphyxiating frame of there-is-no-alternative economic policy. It can be even more pronounced when the body politic elects a radical left party, such as Syriza in the 2015 Greek elections, which in the end cannot but enforce policies even more anti-social than its right-wing predecessor. This brings us to the phenomenology of powerlessness and meaninglessness faced by the democratic citizen and voter who recognize more and more that their input into the political process has absolutely no impact. The citizen's moral autonomy then is curtailed insofar as they can no longer actually contribute to democratic decision-making⁵. Their power is constrained by a political elite which is in turn constrained by the necessities of the modern economic paradigm which exists in service and in need of big capital.

The voter then either becomes apolitical or decides to support extremist parties, most commonly of the far right, sometimes of the far left, which, when elected cannot enforce any meaningful change either, but are equally constrained by the systemic necessities and are also probably aware of the fact, wishing only to enter a political elite that is, in terms of power, at least better-off than the average citizen and voter. Citizens, in trying to repress the fact that they share no part in democratic self-governance, fall prey to populist demagogues, are polarized and become vulnerable to fake news and hollow anti-establishment rhetoric. The

⁴ This very economic paradigm is of course not unconnected also with climate change and all its results.

⁵ Of course, this is not absolute, but a very significant sector, that of basic economic policy and social structuring, is closed to the citizen's influence.

erosion of the democratic ethos follows the erosion of actual democratic power and leads to a time when the loss of democracy will not even be lamented by the populace.

What is the place of political philosophy in this whole hopeless-looking affair? Ever since its revival in the 1970s analytical political philosophy has not been at all frugal in proposing *theories* of equality and distributive justice. Whether it is Rawls' difference principle, Dworkin's equality of resources, Sen's and Nussbaum's capabilities approach or any other formulation of distributive justice, the problem of inequality and the demand for equality have been placed in the centre of contemporary liberal political philosophy. The problem is though that none of these philosophers' important theories could ever find a meaningful democratic enforcement in the context of the modern economic paradigm of dependence on big capital. This is the step political philosophers have been very reluctant to take: the realization that at the bottom of socioeconomic inequality lies an inequality of power, the criticism of the prevailing economic system and its myriad discontents. Fortunately, much groundwork for this purpose has been laid down by continental philosophy and critical theory, focusing also on the harmful consequences of the prevailing economic system on the individual's psychological and social well-being. What is here proposed then is by no means a solution but at most a research program: a reconnection of analytical political philosophy, with its clear, distinct, and conceptually robust ideas about equality, freedom, and democracy, with its continental and critical-theoretical cousin, which has developed extensive critiques of prevailing social and economic conditions. Political philosophy must rise to the task of reconnecting with current affairs and situations, of offering concrete solutions to concrete problems, of changing its outlook to include interdisciplinarity and critique. After all, political philosophers are, no less and very possibly more than the average democratic citizen, obliged to safeguard democracy against internal threats, wherever they might come from.