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Democracy After the Collapse

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CAPITALIZATION OF WESTERN DEMOCRATIC VALUES

The Soviet Union was a real threat to the West. Jointly with its satellites, it occupied an enormously rich and seemingly boundless territory, possessed all kinds of lethal weaponry, formed the only anti-systemic alternative to capitalism, and – importantly – created a poor but socially quite attractive model of a welfare state. Many “ordinary” Europeans and Americans did not suspect how lucky they were as, by virtue of the sheer existence of the “Soviet threat,” the Western elites had to expand their welfare state provisions and add new, and guarantee old civil liberties to eliminate as much as possible the potential attractiveness of the communist social model. This is no longer the case.

This paper explores the post-Soviet evolution of democracy. In this article I will argue that the practice of democracy, while maintaining its core of human rights protected, has eroded significantly during the past twenty-plus years (a process triggered – no matter how paradoxical it sounds – by the Soviet Union’s collapse) and that democracy has become a commodified democracy which mostly serves political and economic elites who have re-defined its meaning and its implementation. By extension, this reformatting of democracy means that it no longer aims to serve the middle class. This redefinition is permitted by the lack of any socially meaningful alternative. The current wave of social dissatisfaction – taking forms as varied as youth riots and the Tea Party – is partly a reaction to this process.

WHO NEEDS DEMOCRACY?

It seems that everyone loves democracy in Europe and America – heads of states, politicians, NGOs, business, and obviously the people. Two recent large-scale wars and some revolutions were launched from there having democracy on its banners. Who would not claim at the beginning of the 21st century in the West that democracy is a good thing? Those who have their system labeled as “democratic” are those who

are “civilized” and “like us” by contrast to the “non-civilized” part (actually the majority) of the world. Since the early 1990s, “democracy” has become the gold standard by which all things political are measured. It became a sort of Western liberal religion. But as often happens with religion, as Jonathan Nitzan said, the greater the belief, the fewer the questions.

So, let’s start with the seemingly obvious: What is democracy? A lot depends on the content we put into the word. One possible set of definitions of the term focuses on this system’s guarantees of freedom from arbitrary political power. This approach can lead us in the most common direction of looking at citizens’ rights from the individualistic liberal perspective. Another way is to see democracy as a specific form of governance (a way to administer citizens). Yet another point of view suggests democracy should be considered exclusively in the context of economic development. Indeed, primarily within the classical liberal tradition, democracy seems inextricable from a capitalist market system. But even among these different viewpoints, there is the underlying notion that democracy – as a project, idea, or fact – is a good thing and, while imperfect, the best alternative.

THEORY AND PRACTICE OF DEMOCRACY

I fully recognize how valuable individual rights are, in particular when they are subjected to constraints or become unavailable. Yet there is another serious but under-discussed dimension within the debate about how democracy should be measured, as we are reminded by Immanuel Wallenstein in the *Decline of American Power*. It might be that for the majority of the population in Eastern and Western Europe – as well as in most transitional societies – the quality of governance and of the political process is somehow measured differently. The issues that are of primary concern to most people hit by enormous social and economic dislocations, and accordingly their primary political priorities and values, are focused predominantly on their (a) prospects for material well-being (and a fear of the consequences of growing material inequalities), (b) corruption, and finally (c) the opportunity to be equal citizens within the state (by eliminating sources of discrimination based on age, disabilities, gender, ethnicity, etc.). Popular demand for democratization for the “average person” is largely a demand for a fairer redistribution of access to health, education, income and economic and personal security. On all these fronts, we have witnessed mixed results across East Central Europe (ECE), the EU and the U.S. Particularly unequal participation in the “transitional rent” in the CEES seems to me to be the main cause of the growing gap between the democratically elected elite and the public and the root cause of the growth of a new breed of radical populism.

Thus, it seems that “democracy” enjoys a strong support among the citizenry, but its benefits are defined rather in terms of social safety, system stability, and “fairness” on top of basic freedoms; democracy is seen as a function through which to achieve social dignity secured by decent conditions of living and safety. As most of the states in the CEES mostly fail to deliver on these, there is a growing level of cynicism and withdrawal from politics (and hence from the democratic project itself).

DEMOCRACY AND THE RULING GROUPS

What democratization meant in practice in ECE countries was basically the liberation – “liberalization” – of the narrow business/political elite from almost any legal or social control. Only quite a small group was able to fully take advantage of the benefits of “democracy.” So the main problem of the mid- and late-1990s in ECE and Russia in the introduction/consolidation of democracy was that only a few were able to fully take advantage of the fruits of the developing democratic openness created by such leaders as Lech Walesa, Vaclav Havel and Boris Yeltsin.

The process of “hijacking democracy” was pretty simple. Most influential people of the day were buying access to the political process, to the redistribution/privatization of property, the media, elections at any level, and to decision- and policy-makers; in other words, they purchased an un-representative share of the pool of civil liberties. Thus a select few were able to “instrumentalize the law” to protect themselves and their property, and thereby became the de facto quasi-owners of the state and hence a select group of beneficiaries of democracy. Politically speaking, this meant the liberation of the elite, made up mostly of political and business figures, from the state, from the executive powers that it represents, and from the rest of the population. Russia and some ECE countries are an interesting case as the process of “democratization for a few” reached an uncanny level even by the not very demanding standards of the early 1990s. Buying/influencing elections became notoriously possible. In Russia, with the change of leadership in 2000 (the beginning of eight years of Putin’s presidency), the Kremlin’s reaction was to develop a hybrid of “sovereign democracy.” This notion – if deciphered rather than judged – tells us a lot about both the elite’s fears and goals, both international and domestic. “Sovereignty” in this approach means a regime’s capacity (economic independence, military strength and capacity to withstand global pressures and “foreign influence”) to be non-dependent and thus non-subordinated on the international stage, but also “independent” from its own population.

“Democracy” here means openness for a change, creation of a space for the ruling group to govern via reformist strategies, having some societal support (as most Russians support the notion of democracy), but not putting too much trust in society, and to create an illusion of political pluralism without making the development of politics a hostage to the dominant capital and – simultaneously – the political will of its own citizens.

These regimes put a pragmatic spin on the ideological notion of “democracy” as a merge – as Richard Sakwa insightfully observed – of this group’s simultaneous belief in economic liberalism and political conservative authoritarianism.

In *The General Theory of Employment, Interest and Money*, John Maynard Keynes noted that people are actually ruled by ideas and hardly anything else. But the main question then arises whose ideas these are and who benefits from them. The notion of “democracy” is hardly contested in ECE, but a) the meaning and practical implication of its implementation have been quite divisive – socially and economically. Instead of being an ideological and social unifier, democracy has become an area of domestic

contestation, mainly along three cleavages: access to liberally defined rights, access to re-defined socio-economic collective rights by most of citizens, and maintaining power relations by legitimization of the elite-driven access to power, property, and politics; b) “real democracy” in ECE has so far served a few who are manipulating it; and c) such democracy has legitimized the consolidation of social and economic power of the ruling group to create an undivided social power and a capitalization of democracy. The notion of “democracy” has been redefined by the politico-economic-bureaucratic elite to consolidate their unified social power. Thus “democracy” serves the state (and its elite) and has become an indispensable tool for its development as far as it serves “its purpose.” Thus a second question arises: Democracy for what purpose?

COMMODYFYING/CAPITALIZING DEMOCRACY

Ha-Joon Chang in *Bad Samaritans* summarized the debate about free market-democracy relations by locating it within the triangle of those who suggest that democracy is “essential for economic development as it protects citizens from arbitrary expropriations by the rulers”; those who think that if the market is going to “suffer from too much of the democracy” are of the opinion that “democracy may be sacrificed if it becomes necessary in defense of the free market (economic supporters of Chile under Pinochet are placed here) and the “constructivist camp” representing those who are of the opinion that democracy is a natural byproduct of the market because it will “produce an educated middle class that naturally wants democracy.” Despite significant differences, Chang asserts, there is a strong consensus among liberals that democracy and economic development reinforce each other in the spiral of mutually supporting relationships of democracy supporting and promoting “free markets, which, in turn, promotes economic development, which then promotes democracy.” For Chang, that is the main misunderstanding of the whole debate, as “unlike what neo-liberals say, the market and democracy clash at a fundamental level. Democracy runs on the principle of ‘one man, one vote.’ The market runs on the principle of ‘one dollar, one vote.’” I have used Chang’s argument quite extensively as it confronts two schools of thought – those whose operational paradigm is anchored in neo-liberalism and those (the rest) who are critical of it. For me “democracy” is neither “naturally linked” with the market nor it is something with a specific “intrinsic value” (as A. Sen suggests). To me, the new mutation of “democracy” in ECE reflects closely its historical archetype coming back to its roots after centuries of development elsewhere. In essence, today’s democracy in ECE has become a domesticated (but still useful if not indispensable) element of the market and there are profound social, political and developmental consequences of that.

But to reach that conclusion, we need to start by making a small detour to Karl Polanyi’s *Great Transformation*. His central thesis in this seminal work is that “for industrial society to work, all factors of production must be for sale.” In other words, in order for the market system to function, everything that can be turned into a commodity is turned into a commodity, given value through transactions realized on the market. Everything is for sale and everything is for buying – the free market has

entirely transformed society as instead of the economy being “embedded” in other social relations, social relations are embedded in the economic system. Globalization (or better – internationalization of global proportions) has enlarged the scale and depth of that process, making globalization equal to world-wide commodification of social relations.

Democracy and democratic institutions, then, are functioning within this frame (or – if you wish – within the globalized market economy). Consequently, a question arises: Given that all social relations are to some extent commodified, can democracy itself be a commodity? This, in turn, implies two sub-questions: 1) What “kind of commodity” might a democracy become? 2) Can democracy be “treated as a commodity” in a real market environment? The answer to the first question is related to the market’s immanent tendency to commodify everything, including health standards, human rights, welfare, the environment and, yes, democracy as well. In a real market environment, “democracy” during the 1990s became a commodity in ECE like anything else – a “thing” that one could buy and sell on the “democratic market.” Let me repeat: by buying access to the political process, property and the media; by buying/influencing elections, decision-makers and politicians; and by influencing courts and the police (in other words, by purchasing civil liberties), a select few were able to become the de facto owners of the state and enjoyers of democracy. In other words, all aspects of liberal democracy were parceled off and sold with the result of commodification of the entire structure of democracy as we know it.

I have called this process commodification of democracy. The obvious criticism here will be that – even if historically not unique – buying and selling “democracy” (its institutions and rights) is an aberration that is caused either by high-level political and social corruption or distorted regimes (mostly authoritarian ones). Yet this is not a regionally specific phenomenon – the recent *Citizen United v. Federal Election Commission* (558US 08-205) landmark decision by the U.S. Supreme Court holds that corporate funding of independent political broadcast in candidate elections cannot be limited. My position is that though partly true, such arguments do not reveal the whole picture of intimate relations between the “free market” and “democracy.” I will argue below that being embedded in the market system and then commodified, democracy is a minor twin-sister of the free market, and thus is indispensable for the modern state and, by extension, development/modernization. To prove it, I’ll look at democracy as a commodity within the larger picture of the capital-market-society relations.

In Bichler’s and Nitzan’s recent book *Capital as Power*, the authors make a very compelling argument about the relations between capital and power that I am going to emulate – to some degree – to advance the “democracy as a commodity” argument. Let’s start with a quite lengthy but useful quote from that book: *“The capitalist mode of power is counted in prices and capitalization, working through the ever more encompassing price system [...]. Capitalization discounts a particular trajectory of expected future earnings. [...] Note that this is not ‘economic power’. Neither is it ‘political power’ that somehow distorts the economy. Instead, what we deal with here is organized power at large. Numerous power institutions and processes – from ideology, through culture, to organized violence, religion and law, ethnicity, gender, international conflict, labor relations, manufacturing and accounting innovations – all bear on the differential*

level and volatility of earnings. When these earnings and their volatility are discounted into capital values, the power institutions and processes that underlie them become part of capital. And since capital is a vendible commodity, available for purchase and sale on the stock and bond markets, its relative value represents the commodification of power. From this viewpoint, we can no longer speak of 'economic efficiency' versus 'political power,' or distinguish 'economic exploitation' from 'political oppression.' Instead, there is a single process of capital accumulation/state formation, a process of restructuring by which power is accumulated as capital."

Thus – per analogiam – democracy as a “fictitious commodity” or a “commodified non-commodity” is an inseparable part of capital, and thus an inseparable part of the market, and thus an inseparable part of the state-market machinery. In other words, democracy is not only the legitimizing tool for the power group (which is its peripheral task); its main task is to serve capital and the state by providing property rights and stability and legitimacy for capital. In that sense, there is no longer market development without at least a certain level of democracy; there is no long-term modernization without at least a certain level of democratization of the system. That is why democracy as an idea and democracy as practice have become part of the “organized power at large” as Nitzan and Bichler put it.

DEMOCRACY AS POWER

Capitalization of democracy makes democracy an indispensable part of capitalist long-term development as it becomes – particularly in ECE – a miraculous tool for the markets (modernization, growth, development, etc.) Let me explain. The turbulent transformation years from the early 1990s until the end of that decade have created a classic set of markets (capital, commodity, labor, and information). Two crucial issues are at play here. First, due to rather weak institutions (law and courts), property rights (a pillar of market development) are weakly defended, they are politically manipulated and unstable. Second, due to the specific process of privatization in ECE and Russia (some would name it “predatory privatization” or “criminal privatization” where massive state assets were given for a song to a select few with national/regional political access and knowledge of the government’s intentions before they became public), property rights are obviously seen by the public as illegitimate. Thus not only is there weak protection of property but there is also weak respect for property by a majority of the population.

For the bureaucratic-cum-political-cum-business ruling group, the life or death question is how to stabilize property, how to legitimize their own existence and avert social turbulences (or – God forbid – popular talks about a review of the privatization practices of the 1990s) from within and from outside. Here comes democracy to the rescue. “Democracy” was presented by domestic and international elites as the only solution to social and economic challenges of the transformation. But from that seemingly all-embracing remedy, only certain aspects (or “ingredients of the remedy”) were picked up and implemented (sometimes sloppily) – such as “free elections,” freedom of movement and support for private property (in particular full endorsement

of privatizations schemes, even the most murky ones). Thus democracy served as an enormously important economic tool supporting the formation of markets and providing very basic legitimization for the new ownership class. As part of the package of civil liberties, democracy provided first of all a guarantee of a set of private property rights and legal assurances of the indispensability of the due process of law (and thus became as important in economic transformation of the region as its economic policies).

The above analysis gives a clue to the question “Democracy for what purpose?” It provides legitimacy to property rights and makes those in power more powerful and – yes – it provides citizens with basic rights and freedoms (even though weakly endorsed) to “bring them in” the game, since a “democratic citizen” is usually not a mutineer, but, first of all, a perpetual consumer.

From a political economy perspective, democracy has been hardly explored so far. That is a pity as, seen from this angle, democracy seems to be involved in a plot in which it is captured by the market/state, transformed by the ruling groups into a commodity, and serves – predominantly – state and private interests as part of the power grid. This is a rather sad story for a fine idea and a very humane ideal. Yet there is another, more positive aspect: democracy – particularly in times of economic downturns and increased uncertainty – is more welcome by the ruling groups as it can absorb some social and economic shocks and provide the system with justification of its continuity. Thus the good news is that the citizen’s basic rights are guaranteed by extension of systemic stability. As Olson observes, economic development and democracy require the same preconditions: “[...] *the same court system, independent judiciary, and respect for law and individual rights that are needed for a lasting democracy are also required for security of property and contract rights. As the foregoing reasoning suggests, the only societies where individual rights to property and contract are confidently expected to last across generations are the securely democratic societies [...]* On the other hand, democracies have the great advantage of preventing significant extraction of social surplus by their leaders. [...] *The moral appeal of democracy is now almost universally appreciated, but its economic advantages are scarcely understood.*”

In other words “democracy” is not, as Slavoj Žižek asserts, a “necessary fiction.” Instead it is a very real, commodified non-commodity within the market, which by securing rights and legitimizing the system helps it to continue to act with certain level of confidence in obedience.

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By increasingly becoming a mere servant of the economic-cum-political ruling group, democracy is losing its original appeal and its broader, previously unquestionable, social support. As a consequence, the contemporary market system works by de-politicizing the economy, thus making it less socially accountable and responsive; the state becomes less involved in social welfare; and the system becomes less transparent and more autocratic.

There are obviously social consequences as well. Ranging from the “Arab Spring” to the riots in London, they are manifest in the lack of social participation and basic

responsibility, increased seemingly aimless social anger, disrespect for law and regulations, violation of property rights, erosion of the “liberal class”, and also – on the positive side – in taking huge risks in replacing dictators, raising issues of a fairer future for the youth, turning attention to protecting the environment, and exposing the elite’s inertia.

So the picture as it looks twenty years after the Soviet system’s collapse is worrisome but not bleak. The fundamental question is: Can we still make democracy work by dissociating “democracy” and the “market” while preserving freedom and addressing social concerns? Surprisingly, the answer is yes, it can be done without harm to the market, but, as Wolin Sheldon believes, it will “necessitate a reordering of basic power arrangements and a different understanding of civic commitments from that of a spectator.”

At this point, global and national political elites are not yet ready for the task.

#cold war #history #ideology #philosophy