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Democratic reformism in a global and European context

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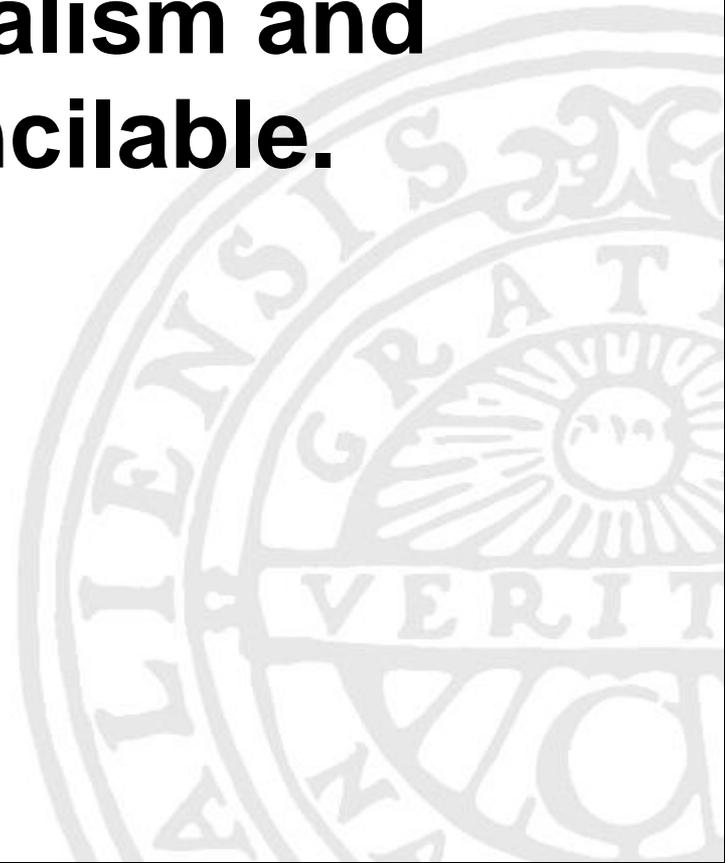




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Before 1914 the left as well as the right believed that capitalism and democracy were irreconcilable.





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**After 1918 there were three different
ways of defining the notion of
reconcilability**

- communism**
- fascism**
- democratic reformism**





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**The main reference for this way of
looking upon the 20th century is
Jan-Werner Müller, *Contesting
democracy* (2011) [in Swedish
translation *Demokratins tidsålder*
(2013)]**



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Broadly speaking, the year 1980 is a global turning point. Since then, neo-liberalism has had the upper hand. A clarifying book about that turn is Daniel Yergin & Joseph Stanislaw, *The commanding heights - the battle between government and the marketplace that is remaking the modern world*. New York: Simon & Schuster, 1998.



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The turn around 1980 should be understood against the background of two seminal books which both appeared in 1944, namely

Karl Polanyi: The great transformation

Friedrich Hayek: The road to serfdom

The postwar epoch might fruitfully be divided into two main historical periods – the first before 1980 bore the stamp of Polanyi and the second from 1980 that of Hayek.



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**Three main recommendations are
crucial to neo-liberalism**

- free markets**
- new public management**
- thick constitutionalism**





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Neo-liberalism emphasizes the value of free competition, using the market mechanism also inside the public sector and that politics, generally speaking, is the problem rather than the solution to all social, economic, cultural failures



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When applied to climate and energy, neo-liberalism means a minimal role for politics and that private firms should have incentives in doing business with tradable emission allowances. Cost efficiency rather than comprehensive planning is the key notion.



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According to mixed economy, welfare state and the Polanyian approach energy supply should be looked upon as a natural monopoly demanding a long-term perspective, co-ordination and planning. History tells us that this has been a successful way of dealing with the problem of balanced economic growth. Why is that no longer the case?



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Someone inspired by Polanyi would argue that our thinking about the future should rest on a empirical picture of how politics and economics have cooperated in the past in order to develop a natural, physical and social infrastructure that improves the living standard for the entire population in the best possible way.



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The crucial question in the light of Hayek vs. Polanyi is that of the primacy of economics or of politics. A very informative and fruitful article on that problem is Sheri Berman, "The Primacy of economics versus the primacy of politics: understanding the ideological dynamics of the twentieth century", *Perspectives on politics*, 7 (3): 561-78.



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According to Berman 2009, as well as to Yergin & Stanislaw 1998, the struggle for primacy is a fight about whether democracy should be able to ideationally and institutionally modify what is "natural" in the sense of economics and other sciences.



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For Sheri Berman two questions are crucial when it comes to learning from the 20th century experience

- What is that democracy should deal with according to the idea of primacy?**
- What has democracy to achieve in order to be become and remain primary in the goverance of our societies?**



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**A very recent book on the intellectual
background of the neoliberal turn is:**

**Daniel Stedman Jones, *Masters of
the universe – Hayek, Friedman and
the birth of neoliberal politics.***

Princeton University Press, 2012.



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Fiscal union

Monetary union

Common market

Customs union

Free trade area

Plain autarchy





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**Is the very point of free movement
of goods, capital, services and
people non-discrimination or
market-making?**

**Is there such thing as legitimate
protectionism?**





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How is the principle of monetary union without fiscal union to be overcome?

What variety of "stability pact" will work without creating right-wing populism?



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**An up to date book about the
present predicament of the
European union project is**

**Christopher J. Bickerton, *European
integration - from nation-states to
member states*. Oxford University
Press, 2012.**



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The Current Moment is the name of a blog edited by people interested in the democratic capitalism problematique and which I recommend. The address is <http://thecurrentmoment.wordpress.com/>