

# Democratisation of the Economy

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## Abstract

*The paper is focused on the issue of economic democracy. Building on experiences of Germany with employee participation, and, in particular, the institution of co-determination (Mitbestimmung), the author argues that more democratic voice is necessary in modern economy to restore balance between the needs of the society as a whole and demands of the market. In course of the paper, the author examines four stages of democratisation, that is, first, the conquest of political democracy through winning of basic freedoms, second, broadening the scope of freedoms with incorporation of such rights as union representation, collective bargaining, and set of principles constituting 'welfare capitalism', third, struggle for industrial democracy, and, finally, reaching an even more advanced state of economic democracy. Next, the author's attention shifts to the phenomenon of the 'cancer stage of capitalism', at which the foundations of the 'post-war compromise' between capital and labour have been destroyed and markets have been getting increasingly 'disembedded'. In the end, the prospects for overturning the current trend towards building an 'economic dictatorship' are discussed with particular attention given to trade unions, and their potential role in the process.*

**Key words:** economic democracy, embedded liberalism, postwar social compromise, trade unions, co-determination

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## Introduction

*Wirtschaftsdemokratie* is a German concept, embedded in a primarily German debate, but it is of universal relevance in an era of neoliberal globalisation. Democratisation is essential if we are to achieve a society and an economy in which markets serve humanity, and not as today the other way around.

In this contribution I start with a historical overview of four dimensions of democratisation, in the struggle for which the major protagonists have been labour movements. I then discuss what has been called ‘the cancer stage of capitalism’, in which the process of democratisation in all four areas has been thrown brutally into reverse. Finally I consider a number of elements in a strategy for re-democratisation, and the implications for trade unions themselves. Can a campaign for *Wirtschaftsdemokratie* contribute to trade union renewal in the twenty-first century?

## Democratisation and the Labour Movement: A Brief History

For most of the past century, it has been common to view democratisation as a four-stage process (For a similar argument see Marshall 1950). The *first* involved the conquest of political (liberal) democracy: the universal right to vote, and the freedom to organise electorally and to oppose the incumbent government. In western Europe at least, the battle for political democracy has been largely won, often at great cost. Though many on the left have at times been sceptical of this achievement – ‘if voting changed anything, they would make it illegal’ – the experience of fascism and military dictatorship has taught even critics that liberal democracy is necessary, even if insufficient.

The second stage stemmed from the demand that citizenship should not be confined to the right to vote every four or five years, but should have a broader social dimension. Social democracy emphasised the collective character of social and political life, and the mutual responsibility of individual and collective. The pursuit of rights to collective representation through trade unions and collective

bargaining, and for the construction of a 'welfare capitalism' (Esping-Andersen 1990) providing education, health care, pensions and income support in time of need, was the outcome of a vision of social justice but also reflected awareness that starvation was not a reliable foundation for intelligent democratic participation. 'Erst kommt das Fressen, dann kommt die Moral,' wrote Brecht. 'Erst muß es möglich sein, auch armen Leuten vom großen Brotlaib sich ihr Teil zu schneiden.' 'Food comes first, then come the morals' – as Brecht wrote – 'first, it must be possible that the poor have their slice of the loaf of bread' (Bertold Brecht, *Der Dreigroschenoper*).

Third, it was thought impossible to be a free citizen in the public sphere but a slave in the workplace. Democracy could not end outside the factory gates: workers were stake-holders in the firm that employed them and must have industrial citizenship rights. Hence the third stage was the demand for industrial democracy: employees should possess an effective voice within enterprise decision-making in order to shape the organisation of their own work and, not least, to control the ability of the employer to hire and fire.

The fourth stage addressed the central theme of this chapter: economic democracy. Workers' representation within workplace decision-making was a necessary element in democratisation; but decisions affecting day-to-day work arrangements were largely conditioned by prior policies regarding investment, product strategy and marketing. They were also shaped by the broader macroeconomic context within which the individual enterprise was located; democracy within one factory was impossible. The most developed analysis of the case for economic democracy, and of a strategy to achieve this goal, can be found in the ideas developed by Fritz Naphtali for the German trade unions in the 1920s (Naphtali 1928), which later proved influential in the German and Austrian trade union movements in the early post-war years.

The 'postwar compromise' between labour and capital, which assumed different forms across western Europe after 1945, involved uneven advances in all four aspects of democratisation. Political democracy was restored in nations that had been subject to fascist dictatorship, even though in some this was not achieved until the 1970s, and the countries of central and eastern Europe remained one-party states until after 1989. In some cases, women gained equal electoral rights only after 1945.

Postwar settlements brought considerable advances in the democratisation of the social sphere. Keynesian demand management resulted in near-full employment in many – though certainly not all – west European countries. Welfare states were universally expanded, or newly created, though their character differed markedly across countries: some were genuinely egalitarian, others represented a form of 'socialism within one class' in which those in employment in effect insured against

the risks of unemployment, ill health and old age, receiving benefits which matched the original inequality of their incomes. New industrial relations institutions, sometimes graced with the label 'social partnership', were widely established; trade union membership expanded, and in many countries collective agreements covered the majority of the workforce for the first time.

Progress in the third area, democratisation within the workplace, was far more uneven. Systems of collective representation through works councils were institutionalised in much of Europe, but in many countries their rights did not extend beyond information and consultation rather than enabling real co-determination (*Mitbestimmung*). In others, as in France, their main functions covered the organisation of social facilities rather than production issues. Even the strongest systems – with Germany the exemplary case – had primary jurisdiction over employment issues arising only after key decisions on investment and product strategy had already been taken. As Ulrich Briefs (a key trade union figure in works council research) noted, the more strategic the issue for management, the weaker the powers of the councils (Briefs 1989). Sceptics in some countries – Britain is an obvious example – argued that there was a major risk that employee representatives would share the blame for management decisions that they could not fundamentally influence.

Developments in the broader sphere of economic democracy were particularly uneven and ambiguous. In France, Italy and Britain, extensive programmes of public ownership were implemented; but though nationalisation provided a favourable environment for trade union activity, its bureaucratic character did little to enhance democratic control. Most social democrats soon abandoned, explicitly or implicitly, the idea of comprehensive public ownership – most notably in the Godesberger Programme of the SPD in 1959. In Germany, another key issue was of course the demand for parity representation on supervisory boards. The terms of the 1952 enterprise structures law (*Betriebsverfassungsgesetz*) were a clear defeat for German trade unions, and even the stronger 1976 law did not bring genuine parity – though certainly even a minority voice can help strengthen workers' voice in corporate decision-making. In most other countries where board-level representation was enacted, only a symbolic presence was provided.

For Naphtali, socialisation of the economy was an essential goal, but it should be achieved, not necessarily and not exclusively through state ownership but through more diverse forms of popular control. In the main, his wide-ranging ideas for measures of democratisation between state and company levels were forgotten. One interesting by-product was the strategy developed by Rudolf Meidner in the 1970s

for Swedish LO, involving payment of a share of company profits to wage-earner funds (*Löntagarfonder*) (Meidner 1978). The essence of the policy was to establish *collective* employee ownership of part of the profits of corporate success, in the form of shares held in a fund under trade union control. This, it was envisaged, could provide increasing control over strategic decisions in the dominant private companies. Strenuous opposition from employers, lack of support from other unions and the ambivalence of the Social Democrats meant that the initiative was defeated and disappeared from the political agenda.

## The Cancer Stage of Capitalism

Writing in 1944, Karl Polanyi interpreted the development of capitalist economies as the outcome of a 'double movement' (Polanyi 1944). The first, in the nineteenth century, involved the imposition of 'free' markets (though the whole idea of free markets is an oxymoron, since all markets are social and political constructs). The damaging social effects of this process, in particular those transforming labour into a 'fictitious commodity' to be hired and fired at will, provoked a counter-movement. Hence the struggles in the twentieth century for social, industrial and economic democracy, summarised above, represented a countervailing process to impose some constraint on the disruptive social consequences of market liberalism. Markets became 'embedded' in a systematic regulatory web.

Polanyi anticipated a parallel reaction to the excesses of market-making at the international level: renewed state regulation of the domestic economy linked to a retreat from 'capitalist internationalism'. What however occurred, wrote Ruggie four decades later, was a new form of international regime, involving a bounded liberalisation of external trade, but linked to Keynesian economic management and a partial decommodification of labour at national level. 'The principles of multilateralism and tariff reductions were affirmed, but so were safeguards, exemptions, exceptions, and restrictions – all designed to protect the balance of payments and a variety of domestic social policies' (Ruggie 1982: 381). As Ruggie later summarised it, embedded liberalism involved a social compromise, 'a grand social bargain', which combined 'the efficiency of markets with the values of social community' (Ruggie 2003: 93–94).

We can now see that this postwar social compromise was inherently ambiguous and unstable. In the German context, this ambiguity underlay the very idea of social

market economy (*soziale Marktwirtschaft*). As propagated by Ludwig Erhard (now, curiously, a retrospective hero to some on the German left) the emphasis was on the market, not on the social: his economic model was a rejection not only of social democracy but also of the social wing of the CDU. Only very belatedly has this model been embraced across the political spectrum as inherently progressive, as Walther Müller-Jentsch shows in the case of the trade unions (Müller-Jentsch 2011). The compromise was unstable for three main reasons. First, it reflected a specific, historically contingent balance of class forces. Second, it assumed different forms cross-nationally, but in all cases involved an accommodation between national labour movements, employers who were primarily national in terms of corporate ownership and production strategies, and governments which were to a large degree autonomous in social and economic policy: an outcome of the bounded character of economic internationalisation which Ruggie described. Third, the existence of an alternative socio-economic model to the east – however deformed and repressive – imposed a degree of self-restraint on capitalist aggression.

These three preconditions no longer apply. What has developed in recent decades has been analysed by McMurtry as the ‘cancer stage of capitalism’ (McMurtry 1998) Polanyi described labour, land and money as ‘fictitious commodities’ because while they were all subject to market forces, unlike real commodities they were not produced for sale on the market. ‘To allow the market mechanism to be the sole director of the fate of human beings and their natural environment, indeed, even of the amount and use of their purchasing power, would result in the demolition of society’ (Polanyi: 73). And indeed, the postwar compromises imposed firm limits on the commodification of labour, land and money; but Polanyi’s analysis was remarkably prescient. The process which McMurtry describes is the systematic weakening and removal of the social constraints on the destructive dynamic of commodification: a ‘carcinogenic mutation’ which has released the pathological potential which capitalist economies always contained.

The cancer stage of capitalism is linked as both cause and effect to the erosion of the three preconditions of postwar social compromises. Globalisation – of which European economic integration is one important element – has removed the dominant capitalist agglomerations from national control, and has provided an alibi for anti-social policies by governments that insist that there is no alternative to submission to global markets (Weiss 1998). Liberalisation of financial markets has spawned an array of exotic fictitious commodities which Polanyi could never have imagined: derivatives, secondary markets, hedge funds, private equity, leveraged buy-outs.... National economies and national labour markets are increasingly *disembedded* from

effective social regulation; and the beneficiaries of financialised 'shareholder value' capitalism have little interest in maintaining historic compromises. The balance of class forces has shifted radically.

These trends can be understood, within Polanyi's framework, as a *counter-counter-movement*, a *third* phase involving the deliberate unravelling of the regulatory web constructed in previous decades. The cancer stage of capitalism is objectively, and for many of its drivers deliberately, reactionary. In particular, it rolls back all four dimensions of democratisation.

Formally, the institutions of political democracy are intact; indeed their geographical scope has significantly extended with the collapse of the Soviet Union. But form and substance do not always coincide, as Putin's Russia clearly demonstrates. The cancer stage of capitalism mutates the inner workings of the polity. As Crouch has argued, electoral politics has been drained of the capacity to provide popular influence over the most significant dimensions of social life and has become in large measure a stage-managed ritual. 'Behind this spectacle of the electoral game, politics is really shaped in private by interaction between elected governments and elites that overwhelmingly represent business interests' (Crouch 1984: 4).

It is also evident that globalised financial capitalism is one of the principal grave-diggers of social democracy. Keynesian macroeconomic management, one of the key foundations of the postwar settlement, presupposed the economic governance capacity of the nation-state; macroeconomic demand management has now been subordinated to the assumed inevitability of national 'competitiveness'. Where significant productive and infrastructural assets were in public hands, in most countries these have now been largely privatised. Trade union membership, as a proportion of the labour force, is almost universally in decline: a trend which Peters shows can be attributed to the impact of the global financialisation of capitalism (Peters 2011). In most of western Europe, collective bargaining coverage remains stable – though this is not true of Germany, and even less so of Britain – but its content has been hollowed out through diverse forms of concession bargaining. For two or three decades, the wage share in national income has declined, and inequality has increased. Even before the current crisis, government budgets had been squeezed, to an important extent through a competitive reduction in corporation tax in an attempt to avoid capital flight: in consequence, the welfare state has been cut back, transformed increasingly into a minimal safety net. Even this diminished level of social protection is under threat as part of the current austerity drive, given an explicitly coercive character by the neoliberal rulers of the European Union and

codified through such measures as the Euro-Plus Pact, the Fiscal Compact and the 'Six-Pack'. Indeed in the current conjuncture the Troika, totally unelected and unaccountable, is able to push through labour market deregulation, bargaining decentralisation and cuts in public sector pay regardless of the democratic will in the countries affected.

The cancer stage of capitalism likewise undermines the elements of industrial and economic democracy achieved in earlier decades. Codetermination in one company was always precarious; now, the toxic combination of financialisation, globalisation and neoliberalism means that primarily enterprise- or establishment-based mechanisms of codetermination are forced to accommodate to the externally imposed requirements of intensified global competition. The threat of capital exit can make it imperative to underwrite managerial priorities. Moreover, strategic decision-making is increasingly removed from sphere of codetermination; more seriously still, the very identity of the employer more and more becomes shifting and obscure as companies themselves become treated primarily as commodities to be bought and sold in the interests of share-price maximisation. Here too, the EU governing institutions are helping drive this process – as, for example, in the effort to overturn the VW law that provides some protection against predatory capital (Speidel 2012). Several writers have concluded that although formally intact, the machinery of codetermination no longer provides an effective mechanism for asserting and defending workers' interests. We seem to have entered a phase of post-industrial democracy (Streeck 2011). 'Mitbestimmung ist heute zu einem Government-Konzept einer kooperativen Modernisierung in den Unternehmen geworden, um durch eine wie immer begrenzte Beteiligung, Information und Kooperation mit den Beschäftigten Wettbewerbsvorteile zu gewinnen' (Schumann and Detje 2011: 79).

[Co-determination became one of the concepts of governance in the sphere of mutual enterprise modernisation with the thought of gaining competitive advantage by dint of limited involvement, information and co-operation with the employees].

## **(How) Can the Trend to Economic Dictatorship be Reversed?**

Can 'good capitalism' be restored? Since the impact of the crisis in 2008, there has been widespread discussion of the deficiencies in existing systems of corporate governance, particularly as the liberalisation of global financial transactions has made 'shareholder



value' the overriding corporate goal even in 'coordinated' market economies. With the shock of crisis, some union policy-makers have come to recognise that the overriding challenge is to build a movement for greater democratisation of the economy and to create new links between different levels of regulation and different issues on the regulatory agenda (I see this as the central aim of the Kurswechsel initiative; Huber 2010). But what centre-left trade unionists have often condemned is – in the words of the former ETUC general secretary – the 'new, overmighty capitalism' of hedge funds, asset-stripping, financial speculation and astronomical bonuses. The solution, from this perspective, is to fight to restore the old capitalism: the trade union movement should 'become a champion of good business practices, of decent relations with decent employers while ruthlessly fighting the speculators' (Monks 2006). In short, the task is to campaign for a return to 'good capitalism' (Dullien 2009).

Can the genie be forced back into the bottle? Can economic democracy and financialised monopoly capitalism coexist? If the central dynamic of twenty-first century capitalism involves vast concentrations of unaccountable private economic power, the answer is surely no. I agree with Schumann and Detje: 'in einer Zeit, in der systemische Antworten auf existenzielle Systemrisiken gefordert sind, ist Soziale Marktwirtschaft eine rückwärtsgewandte Antwort' ('Schumann and Detje: 73). [While the system answers to existential system dangers are needed, a social market economy is a converse response.]

The solution cannot simply be a technocratic regulatory fix, for the cancer stage of capitalism is linked to a fundamental shift in the relative capacities of capital and labour. Under post-democracy, immense economic resources are easily translated into corresponding political resources, providing a virtual veto on effective regulation; and where new regulations *are* imposed, the rich and powerful possess a battery of weapons to escape their effect (See Streeck 2011).

The challenge is immense. Trade unions are essentially national organisations, which now have to confront the might of multinational capital. Despite the formal existence of international trade union structures, unions apply their own principle of 'subsidiarity' and are reluctant to delegate authority and resources to their supranational representatives. The European Union, once regarded by most trade union movements as a force for social progress, is now dominated by neoliberal fanatics and is driving the demolition of democratic social institutions at national level. Finance capital operates in a time-space continuum that is totally divorced from the terrain on which trade unions engage. How can a *fourth* Polanyian movement be created? As a perceptive English socialist, R.H. Tawney, said a century ago, 'you can peel an onion layer by layer, but you cannot skin a tiger claw by claw'. Of course

a simple anti-capitalist response is not on the current political agenda. Yet to capture hearts and minds, the labour movement has to commence a campaign against global casino capitalism that is linked to a credible set of alternatives for socially accountable economic life. For the present, what is needed, in Gramsci's terms, is a 'war of position', in order to re-shape the terrain of debate and understanding.

While the material forces ranged against a re-democratisation of economy and society are immense, the ideological obstacles are no less significant. Neoliberalism has emerged from the crisis – which surely demonstrated the practical bankruptcy of its recipes – stronger than ever, partly because it serves powerful vested interests, but also because of the lack of widespread conviction, even among its opponents, that there is an alternative which is both practical and inspirational. There is a wall in our heads: neoliberalism has become the 'common sense' of our times. Underlying the demand for a change of course is a clash of logics: rather than commodification, competitiveness, private affluence (for some) and public squalor (See Galbraith 1952), the logic of sustainability, solidarity, equity and dignity. Yet too often, we argue on the enemy's ground. For example, trade unionists often defend co-determination as a source of comparative institutional advantage that contributes to competitiveness – rather than insisting that democratic self-determination at work is in itself a requirement of human dignity. Likewise, a developed welfare state is often defended primarily as a 'productive factor' rather than as an essential component of a solidaristic society.

More fundamentally still, commodity fetishism corrupts all of us. To live better, the default option is to consume more: we are all programmed to be consumers. Free movement of goods and services is the foundation of European integration. From Marx and Keynes alike we draw the lesson that underconsumption is the source of capitalist crisis. To combat unemployment, we must stimulate demand. Thus is sustainability compatible with capitalism?

In any struggle for renewed democratisation of the economy, we have to start from where we are and not from where we would like to be. The ideas of 'free' markets and a consumer society are unquestioned by all but a small minority. But beliefs and understandings are always complex and contradictory. In concrete terms, most people *do* question the current economic system. They are perplexed by a financial system which seems out of control. They are angry that failed bankers can still pay themselves obscene bonuses, that the rich still get richer while the rest of us suffer from the cuts, that extremely profitable corporations can exploit tax loopholes and tax havens to avoid paying their share. They are bewildered that hostile takeovers that destroy jobs are not only permitted but are actually encouraged by the European

authorities. There is an upswell of popular anger and despair with which trade unions have scarcely begun to connect, though other actors – ATTAC, Occupy, or in Britain the UK Uncut movement – have managed to engage effectively.

Those of us who seek a renewed movement for democratisation must start from this substratum of incomprehension and disconnect. Of course re-reading Naphtali is not enough: we must develop demands for the twenty-first century that are both understandable and credible. The issue is one of ‘framing’ the current situation and possible alternatives: showing how immediate experiences fit within the broader picture (See Kelly 1998). In communication, the key issue is less what is *said* than what is *heard*. Everyone possesses a world-view, however inchoate, a set of beliefs and assumptions which make sense of a complex social environment and act as selective filters for what is communicated. So, at a time when the banking sector has been rescued by a vast transfer of public funds, democratisation of ownership should be a logical corollary; let us make the argument! Pension funds are, in effect, workers’ deferred wages; but they have been key actors in the speculative spiral that produced the crisis. Bring them under democratic control! The trade union movement has embraced the demand for a financial transactions tax, but has barely discussed the question of its implementation. Why not use the revenue, not simply to plug the hole in national budgets, but to create investment funds under popular control? The neoliberals preach the need for brutal austerity measures to bring down public debt; let us demand citizens’ debt audits (*demokratische Schuldenrevision*) to establish which debts are genuine, who is responsible, and thus who should pay the costs! Much more generally, the economic elites prosper through constructing a web of secrecy to cloak their activities. Knowledge is power, but concealment may mean even greater power. Let us demand democratic transparency so as to subject financialised capitalism to public scrutiny! The task is to develop demands which expose the rottenness at the heart of the cancer stage of capitalism, and at the same time suggest the possibility of an alternative. Whether or not we call this economic democracy, this is the underlying implication.

But economic democracy must be a multi-level process and so must also be built from below. What are the possibilities for economic democratisation in the space between state and market? The labour movement has a long tradition of cooperative production and distribution, though in many countries such cooperatives mutated long ago into simple commercial ventures. But smaller-scale, cooperative economic activity has often been able to provide some counter-power to the commodification of social life, particularly in the global South. In a notable recognition of this role, the Self-Employed Women’s Association (SEWA) in India was accepted as a founding

member of the International Trade Union Confederation (ITUC) (Schumann and Detje: 73). Do such movements offer lessons for trade unions in the developed economies? In the French-speaking world at least, the notion of a 'social economy' has received growing attention on the left (Draperi 2007). An imaginative response to the cancer stage of capitalism and its crisis ought to draw on such ideas.

## In Conclusion: What about the Unions?

To defend employees at workplace level and no less within the national (and international) political economy requires a confrontation with the dominant policy logic of our age. This implies that unions must turn (or return) to a self-conception as organizations campaigning for rights and engaging in 'contentious politics' (Tarrow 1998), reasserting their identity as 'sword of justice': contesting oppression, inequality and discrimination. It can also imply cooperation, often uneasy, with other social movements that in most countries have never acquired the respectability gained by trade unions. Potentially it redefines unions as outsiders in a terrain where until recently the role of insiders was comforting and rewarding.

The key issues here involve ideas, language and mobilization. The decline of union organization across Europe in recent years is in part ideological in causation: European unions were able to thrive when the prevailing policy discourse made collective regulation, employment protection and state welfare provision the commonsense of the times. The ideological counter-revolution of the past three decades – which has proceeded further and faster in some countries than in others – has placed trade unions very much on the defensive. They are often seen as representing a vested interest: those who are already relatively secure in the labour market, and have relatively good wages and working conditions; those who are in most cases winners or at least not major losers in the process of economic restructuring. But unions have to convince themselves and others that they are the voice of the majority, that they represent the losers as well as the winners and that they want to convert the losers *into* winners. This requires a battle of ideas.

The battle of ideas is also a battle of words. Human actors 'discern situations with particular vocabularies, and it is in terms of the same delimited vocabulary that they anticipate consequences of conduct. Stable vocabularies of motive link anticipated consequences and specific actions' (Mills 1940: 906). Yet the vocabularies of motive that legitimated traditional trade union action have an archaic ring today.

Trade unions require effective linguistic means of ‘framing’ workers’ perceptions of the circumstances that afflict them, of attributing blame for their problems and of proposing credible remedies. If for example workers accept that deteriorating conditions of work, or threats of workplace closure, are the inevitable outcome of uncontrollable economic forces, collective resistance is futile. If they blame employers or governments for their predicament but have no conception of alternative policies, they may protest but are unlikely to prevail. If they conceive an alternative that they cannot *communicate*, it will be ineffectual.

Tilly has made an analogous point, that socio-political movements draw on ‘repertoires of contention’: forms of action that have been developed in the past and provide ‘scripts’ for the future, but which nevertheless are subject to constant innovation (Tilly 2006). Such repertoires, he suggests, contain three key elements: ‘identity’, the assertion that those involved are a group with distinctive interests and the capacity to pursue these vigorously; ‘standing’, the insistence that their claims and interests deserve to be taken as seriously as those of other more powerful socio-economic groups; and ‘programme’, an integrated set of demands. All three in his view are mutually supporting. Indeed this is a useful prism through which to regard European trade unions: in their period of greatest strength they could credibly claim to represent a constituency with a strong collective identity, to possess the standing of a recognised actor in societal policy-making, and to articulate a programme which reflected the general interest. In more recent times, in most countries, all three claims have been weakened, and the elements in this weakening have been mutually reinforcing. New vocabularies which that meaning to the identity, standing and programme of trade unionism are part of the key to union survival and renewal and a fight for economic democracy.

The idea of economic democratisation offers a vision of popular empowerment which could reinvigorate trade unionism as a social movement and help launch a struggle for a genuinely alternative economy. One in which, at the same time, unions themselves would be more likely to thrive.

However, there should be no illusions that this will be an easy task. Those who wield economic (and thus also political) power will fight tooth and nail to defend their privileges. Unions cannot win such a struggle on their own: as suggested above, it requires participation in alliances with other progressive movements with different beliefs, objectives and modes of action. Inevitably, this will often prove difficult. Hans-Jürgen Urban has written of ‘*die Mosaik-Linke*’ (Urban 2009); I might use the term ‘kaleidoscope left’, since the necessary alliances will be shifting and the underlying patterns will contrast.

To change the world, unions must change themselves. Unions cannot credibly campaign for the democratisation of the economy unless they themselves are patently democratic. Indeed all unions have their time-honoured procedures of election and decision-making; but rarely do these engage more than a tiny minority of enthusiasts. Yet as one writer has insisted, 'Kampfkraft kommt aus Kommunikation, oder verkümmert' [The strength to fight stems from communication or it vanishes] (Arlt 1994). There is no Michelsian 'iron law of oligarchy'; but if union democracy is to be a reality, not mere formality, it is essential to foster the widest possible internal dialogue and debate. By struggling to strengthen and renew their own democratic processes and culture, unions can provide a model and win a legitimacy for a wider campaign for social and economic democracy.

In conclusion: the struggle for the democratisation of the economy requires a new, imaginative – indeed utopian – counter-offensive: a persuasive vision of a different and better society and economy, a convincing alternative to the mantra of greed, commodification and competitiveness... and austerity, a set of values which connects with everyday experience at the workplace (Huber 2010: 88). Whether this is described as 'good capitalism', post-capitalism or socialism is of secondary importance. The urgent need is to regain an inspiring vision of unions as a 'sword of justice', which many trade union movements seem to have lost. In other words, unions have to articulate a more humane, more solidaristic and more plausible alternative if they are to vanquish neoliberalism, finding new ways to express their traditional core principles and values and to appeal to a modern generation for whom old slogans have little meaning. And since defending the weak is inescapably a question of power, unions have to help construct a new type of *politics* – in particular, by engaging with campaigning and protest movements that attract the Facebook and Twitter generation in ways which most trade unions have failed to do (even if many have recently begun to make serious efforts in this direction). Do unions dare to abandon old rules and routines in order to create new strategies? What is required is nothing less than a multi-national liberation struggle!

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