Book Review: Tom MALLESON. *After Occupy: Economic Democracy for the 21st Century*. Oxford University Press, 2014. 275 pp.

Published in *Ethical Perspectives*, Vol. 21, No. 4, 2014, p. 627-631

In a democracy, citizens should be free, politically equal and public power should be accountable to all. However, in contemporary societies huge income and wealth inequalities undermine political equality, giving the rich unaccountable political and economic influence (Stiglitz. *The Price of Inequality*, 2012 ; Piketty. *Le capital au XXIe siècle*, 2013). States' and unions' declining power have worrying effects on economic inequalities and workers' capacity to defend their rights (OECD. "Divided We Stand", 2011). Have we failed to create a society of equal citizens? Should we go further and extend democratic ideals to economic organizations and markets?

In *After Occupy: Economic Democracy for the 21st Century*, Tom Malleson (Western University, Canada) tackles this crucial issue debated by many political thinkers from the classic liberals like John S. Mill to anarchists. For John Rawls (*Justice as Fairness*, 2001, §52.3), issues of economic democratization require careful attention: "the long run of a just constitutional regime may depend on them". Malleson's thesis is clear: In order to secure everyone's freedom and political equality, *workplaces*, *markets*, and *finance and investments* should be democratized (p.xiv). He interestingly suggests that policies of economic democratization in these sectors can mutually support one another. As a political philosopher, I will focus my comments on the normative issues and simply outline practical propositions.

Malleson exposes his normative framework mainly in the introduction and makes precisions later on in the book. He assumes most people share the intuition that freedom and political equality are important values requiring democracy, understood as a system guaranteeing accountability and equal access to public power (p.xiii). His aim is to show that a commitment to these values leads logically to support Economic Democracy (from now on ED) (p.xxi).

Malleson suggests that the power exercised by the wealthy few in *workplaces*, *markets* and *finance and investment* is public because it involves sustained relationships of authority and subordination resulting in different levels of freedom among people. Therefore, these institutions should be regulated to make this power accountable and to give people roughly equal formal decision making power in their core economic associations (p.xiv, 1). ED, he claims, increases freedom (self-determination and accountability), increases equality (in terms of income, wealth, rights and status) and reduces hierarchy (i.e. power inequalities) (p.xvi).

Concerning *workplaces* (Ch.2), Malleson argues that current hierarchical systems of work are unjust because owners' and managers' power to organize work is unaccountable and affects worker's freedom and working conditions (p.27). Many workers lack democratic alternatives and are, he says, 'compelled' to join hierarchical workplaces. He then refutes common preconceptions. Workplaces are not private associations and job markets are not places of voluntary exchanges. Material necessities, cultural pressures to get a job and the lack of alternative democratic options limit workers' freedom to choose the kind of employment they prefer and their freedom to exit an exploitative workplace (p.29-36). Based on various surveys, he expects that if workers were given a *real* choice, more would prefer to work in democratic workplaces (p.49). Without forcing democratization, he argues with nuance that states should use legal and financial means to offer workers this *opportunity* (p.40).

Concerning *markets* (Ch.4), Malleson argues that citizens should have a ‘roughly equal’ influence over what is produced and how the economy develops over time (although I wonder whether this is required by political equality). Markets are often considered as voting tools helping to shape production and exchanges according to consumers’ demand. But inequalities in wealth undermine the poor’s equal power to ‘vote with their dollars’ and to affect the shape of markets (p.93, 94). There are of course other market failures: monopolies, information asymmetries, externalities and public goods (p.95). Markets are useful but, Malleson concludes, they are neither *natural* nor *neutral*: markets have the shape we give them and we should choose one that best serves our democratic goals (p.99-103).

Concerning *finance and investments* (Ch.6), Malleson rejects financiers’ power to provide or restrict credit or businesses’ power to control investments decisions as undemocratic. It gives to few people a privileged political and economic influence, being able to make the economy grow or falter in ways that affect everyone’s freedom (p.137). This may undermine political equality and even popular sovereignty (p.138). One could think a strong redistribution of wealth would be sufficient to restore equal influence, but Malleson disagrees and claims that citizens should democratically have a say in finance and the allocation of investments (p.138).

Studying credible economic alternatives and discussing the feasibility of ED in *workplaces*, *markets* and *finance and investments* is also very important. The most refreshing parts of the book are the practical ones (Ch. 3, 5, 7). Malleson draws a more comprehensive picture of ED and argues that it can deliver desirable social outcomes while being efficient (p.55, 208).

To replace undemocratic and hierarchical *workplaces*, Malleson proposes to promote *worker cooperatives*. He makes an up to date review of empirical evidence about worker co-ops and studies many examples like the well-known Mondragon corporation cooperativa in Spain (p.56). On the social front, he sums up, co-ops often provide more stable employment because they react to market fluctuations by adjusting hours or wages instead of firing workers, they have low wage gaps, they provide healthier working conditions and they better respect communities and the environment. With some caveats (job satisfaction is not always higher) Malleson concludes that workers are freer in co-ops (p.77-80)

On the efficiency front, credible evidence suggests that worker co-ops and capitalist firms are comparably productive (p.72). First, there are good reasons to doubt that only experts have management skills. More workplace democracy could usefully unleash workers’ insights and creativity (p.51). Second, higher transaction costs due to democratic decision making processes can be compensated by higher productivity: profit sharing stimulates motivation at work and trust reduces supervision costs (p.73). Of course, co-ops face some obstacles in the market such as the lack of financial support. Therefore, Malleson proposes some legal, financial and educational regulations to help expand workplace democracy (p.86).

Then Malleson turns to *markets*. In order to equalize consumers’ ‘voting’ power and ability to shape markets, he proposes policies aimed at reducing market failures (p.117-118). Malleson also ambitiously suggests that in order to support economic democratization, states should regulate markets so that democratic businesses and cooperatives face less of what could be considered as ‘unfair’ competition from undemocratic firms (p.106).

Finally, in order to democratize *finance and investments*, Malleson notes that capital controls and state-led public investments are important. But the latter should not only be made at high governmental levels. To protect citizen's say in finance and investment, lower-level public participatory banks are important (p.154). According to Malleson, these local banks would also be superior in fostering worker co-ops (p.158). In turn, worker co-ops help to decentralize the control of investments (p.163). Once again, this demonstrates very well how policies of economic democratization in various sectors can mutually support one another.

Because *freedom* is so central in Malleson's argument, a detailed account of the extensive literature about this concept would have been welcomed. Developing further the well-known distinction between *formal* and *real* freedom (Van Parijs, *Real Freedom for All*, 1995, 21) would have helped to clarify the crucial but ambiguous "social means" or "social dimension" of freedom (p. xxii, 6) that ED is supposed to distribute more fairly. Sometimes, these notions refer to material goods (p.5) or social relationships (p.6). Elsewhere they refer to self-determination or popular sovereignty (p.139). How can we evaluate levels of individual or collective freedom? Are all freedoms equally important? How to balance investors' and workers' conflicting freedoms? There might be trade-offs between individual freedoms and distributive policies. Besides, O'Neill (*in* O'Neill and Williamson (eds.), *Property Owning Democracy: Rawls and Beyond*, 2012, 83) argues that the *fair value* of political freedoms can very well be secured by a stronger Welfare State reducing inequalities and limiting the influence of wealth over politics (without fostering economic democracy). These questions require more careful attention because they lead to some ambiguities later on in the book.

For example, Malleson identifies three main objections to ED (p.xxi). The first one is mainly Friedman's objection: economic regulations always limit everyone's freedom. Malleson rightly underlines that a concern for freedom does not necessarily justify a minimal state and free markets. Limiting the formal freedom of some can be legitimate because for most people formal freedom is meaningless without the means for effective freedom (p.5). The second is that ED puts *efficiency* at risk. His answer in the practical chapters is interesting: there are good reasons to believe that a democratic economy would be efficient (p.208). However, what he calls the "social democracy objection" (p.xxi, 44) might be more powerful than he suggests: what if the same goals in terms of freedom and equality can be reached with *Social Democracy* (i.e. redistribution and unions) rather than the more intrusive path of ED?

In fact, depending on the otherwise in/egalitarian context, more people than Malleson expects (p.47) might choose jobs in hierarchical structures to keep more mobility and leisure or to avoid risk. Interventions might unnecessarily limit their freedom. If we value freedom, be it 'real' or 'social', we thus need to be very careful about state interventions. Among various ways to realize democratic goals, we should choose the less intrusive one. Of course, someone's choice can limit someone else's freedom. But states might not be allowed to intervene in firms' structure or even to spend tax-payers' money to foster ED unless we prove that *there is no other satisfying way to protect or to restore everyone's freedom.*

Malleson often compares ED with *current* Social Democracies, which obviously fail to correct injustices; but what about a global tax on wealth (Piketty, *Le capital au XXIe siècle*, 2013, 835) and a stronger Welfare States investing in education? David Schweickart (*in* O'Neill and Williamson (eds.), *Property Owning Democracy: Rawls and Beyond*, 2012, 215), while defending ED, recognizes how little differences there are between ED and radical forms of Property Owning Democracy redistributing financial and human capital (but without workplace democracy). Philippe Van Parijs (*Real Freedom for All*, 1995, 30) famously argued that an Unconditional Basic Income would increase everyone's real freedom, freedom to exit and bargaining power. We need to compare ED with these alternatives. They might better succeed in preserving investors' or entrepreneurs' freedoms while, as Malleson recognizes (p.42, 49), maximizing everyone's real freedom and bargaining power. ED may neither be the *only* nor the *best* way to secure everyone's real freedom and political equality if less intrusive alternatives exist. Let's hope more research will focus on this crucial objection.

On practical issues, Malleson makes many ambitious and well documented propositions. I cannot discuss all of them. But his demonstration of the way in which various policies of economic democratization mutually support one another is very interesting. Let me simply underline one slightly neglected obstacle often faced by (small) co-ops: their capacity to innovate. Here again, Mondragon's networking example is useful. The group created Ikerlan, a second-degree co-op now composed of fifteen research-and-development centers (Whyte and Whyte. *Making Mondragon*, 1991, 65). States could help co-ops to create such collective innovation centers.

To conclude, *After Occupy* is a stimulating book worth reading for anyone concerned with increasing inequalities and serious about investigating alternative ways to organize socio-economic cooperation. Although developing further the normative background would have made some of his claims more convincing, Malleson's engaging discussion of economic democratization and his analysis of powerful examples are more than welcome today, if only to revive the debate about the future of our democracies.

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