Review

After occupy: Economic democracy for the 21st century

Tom Malleson
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Tom Malleson's *After Occupy* constructs an agenda for those who are troubled by the growing economic power of the 1 per cent. It therefore serves as an answer to those who ask: 'What should social movements after Occupy be aiming for?' (p. xvii). The premise of the book is 'that people ought to have *formal decision-making power* in their core economic associations' (p. 1). Malleson offers a compelling vision of economic democracy, insisting that the left needs a commitment to building 'real utopias' (borrowing the phrase from Erik Olin Wright). This realistic utopianism consists of 'a vision of institutions grounded in empirical reality that nevertheless contains radical emancipatory potential' (p. 215). The spirit of the book is defined by a clear-headed hope for a more democratic and egalitarian future without losing sight of the difficulties of achieving such a transformation in the world we currently inhabit. Malleson identifies three areas of the economy that may be subject to greater democratization: the workplace, the market system, and finance and investment. He recognizes that these three economic components are interrelated – you cannot democratize one without facing challenges and causing ripple effects in another area. *After Occupy* proceeds through a two-part discussion of each of these economic components, drawing from democratic theory to construct his normative arguments before turning to empirical consideration of examples of economic democracy.

After Occupy presents economic democracy as a compelling alternative to two more dominant perspectives: neoliberalism and social democracy. In discussing the problems with neoliberalism, Malleson focuses on Milton Friedman's contributions in particular. To begin with, Friedman's emphasis on the importance of individual freedom leads him to conceptualize capitalism in terms of transactions between individual actors. This neoliberal view is mistaken, however, in so far as the global capitalist economy is dominated by hierarchical firms, not freely contracting individuals. Second, Malleson emphasizes what would result from taking Friedman's views seriously – an economy in which inequality in resources would make the formal freedom of individuals substantively hollow in many cases, for the less wealthy individuals would have neither the opportunities nor the bargaining power to match the freedom of their wealthier peers. The neoliberal worldview thus collapses in on itself, as the individual freedom it seeks to maximize would be dramatically undermined for many if its ideal world were realized.

Malleson also devotes considerable attention to the question of social democracy and whether it is an adequate response to neoliberal challenges. The book examines the real-world limitations faced by current social democratic systems in pressing for greater material equality. As Malleson notes, the current structure of private investment provides investors with an effective veto over public policy they do not like. When a progressive government is elected and attempts to increase wages and improve economic regulation, the resulting policies often reduce profit margins. 'If the government changes are drastic enough, and business confidence becomes seriously shaken, investment rates can plummet', ultimately resulting in layoffs and decreased government revenue (p. 159). The threat of investment strike thus operates as a ceiling limiting how far progressive reforms can go. While European social democracy has had considerable success in reducing income inequality, it still fails to provide formal equality in decision making in key economic institutions. Even in Scandinavia, workers still lack the power to choose the organizational structure of their workplace. In almost all cases they must work in hierarchical firms, just as in their more neoliberal counterparts. Similarly, while unionization remains high in these countries, this is not adequate to produce economic democracy. Unions are fundamentally defensive organizations, Malleson argues, designed to empower workers to improve their quality of life but not to construct workplace democracy. Something more is needed, then, to adequately democratize the economy.

Malleson articulates a number of persuasive arguments regarding the desirability of economic democracy. A key point is that most people need a job, for material and social reasons, and the available jobs are almost entirely located at undemocratic workplaces. As most workers have limited material resources and skills, their need for a job puts them in a poor bargaining position. They must accept work at undemocratic firms because only around 1 per cent of firms offer meaningful democratic participation by workers. While uncommon, however, democratic workplaces are not dysfunctional, which Malleson demonstrates by shifting to a detailed consideration of empirical cases. *After Occupy* covers several examples of democratic workplaces, including the famous Spanish firm Mondragon and a wide range of Italian co-ops. Contrary to the expectations of critics, co-ops have had substantial success operating in capitalist markets. Malleson marshals considerable empirical evidence to the effect that co-ops tend to be as (or more) productive than hierarchical firms, have 'lower quit rates and absenteeism', produce greater job satisfaction, and tend to opt for relatively equal pay scales, with wage differentials frequently no greater than 3–1 (p. 80).

This approach lets Malleson vindicate his normative arguments in favor of economic democracy by showing that real-world examples actually produce many of the positive benefits promised by their proponents. In addition, since many firms have around 20 employees or less this makes them ideal sites for experimentation in direct forms of workplace democracy. Furthermore, the equalizing effect of co-op pay scales would help to make real the consumer democracy celebrated as an accomplished fact by the political right. With greater income equality comes parity in purchasing power and effective demand, thus enabling citizens to cast a roughly equal number of dollar 'votes' in the marketplace. The book also focuses on how finance and investment can be democratized. Malleson's call for expanding the use of capital controls and the creation of local community banks is an important supplement to earlier accounts of participatory democracy that focused on workplace democracy to the neglect of the rest of the economy. Similarly, his attention to the progressive potential of municipal participatory budgeting to democratize local investment enriches the conversation.

After Occupy offers a valuable contribution to the tradition of participatory democracy as it builds on previous arguments from Pateman and Gould while expanding their vision of what a democratic economy might look like in the twenty-first century. However, it leaves some questions unanswered with regards to the political dimensions of economic democracy. Malleson never loses sight of the role of the state, for instance, how it may foster the expansion of co-ops, introduce public community banks and at the city level provide participatory budgeting so as to democratize new investment. However, he does not really engage with the question of democracy in the formal political institutions of government. Participatory democrats have long argued, however, that the major political institutions also require further democratization. *After Occupy* does not address this because it does not relate its economic vision in much detail to political participatory democracy as exemplified, for instance, in Benjamin Barber's *Strong Democracy*. While Malleson focuses almost entirely on the economy, Barber directs his attention primarily to the mechanisms of town and city governance. While these approaches are compatible, perhaps even necessarily related, Malleson does not show how they are related.

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