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An internationalist agenda for economic democracy

Democratising wealth within local communities and states only takes us so far. We also need to address global inequality

In my last piece, I looked at the emerging ideas of the new left on 'economic democracy'. I argued that they could form the basis of a post-neoliberal political consensus. But for this to happen, much work still needs to be done to build the conceptual foundations. Neoliberal intellectuals like Hayek and Friedman spent decades turning their ideas into a systematic framework for public policy - and embedding them in key institutions. By contrast, this agenda is still relatively young: only in the last five years has it even begun to be theorised systematically.

'Democracy' is a slippery term, and an emphasis on plural forms of democratic ownership makes it more slippery still. For instance, who exactly are the democratic citizenry that ought to be represented? Which forms of ownership are appropriate in what circumstances? We might argue that certain public goods and common resources must be publicly owned by the whole community – critical infrastructure like transport or banking, for example, or natural resources like energy and water. This can still be done in a localised and participatory way, but there is a principled case for universal access and universal ownership that cannot be achieved without the state. Other economic activities might be more suited to 'bottom-up' forms of democratic ownership like co-operatives or community enterprises – for instance, businesses producing non-essential goods and services.

Even here, there is room for debate about what 'economic democracy' really means and who it should empower. Socialist principles usually guide us toward support for worker ownership. But some of the most high-value sectors in today's economy – like finance and tech – are characterised by very small numbers of highly-paid skilled workers overseeing platforms used by millions of people. In these sectors, is worker ownership and control the most effective way to democratise wealth and power? Or is there a case for promoting ownership models

that empower service users or the community at large?

Democratising the state

Without more precise agreement on these questions, the same language can be used to justify widely differing political projects in practice. Perhaps this is not a problem in itself. Neoliberalism was always a broad umbrella movement, with room for disagreement about the role of the state in maintaining markets, for example. But it is vital that we at least understand what we are disagreeing about. At present, the under-developed state of the debate can often obscure rather than illuminate this. And if the disagreements are fundamental, perhaps we are not really talking about the same thing after all.

The developing politics of the UK Labour party offers a good example of this. I have previously argued that there is an emerging consensus based on participatory, local forms of common ownership. But different wings of the party draw very different conclusions about what this means in practice. The soft left 'Blue Labour' wing is ideologically communitarian and sceptical of the state. The Corbynite wing is more ideologically committed to the state, but wants to transform it.

There is much intellectual work still to do, then, if these ideas are to coalesce into a project that can replace neoliberalism.

These differences informed the policies put forward by the candidates in the recent leadership race. All sides talked about 'local empowerment' and 'common ownership' – but for Corbynite Rebecca Long-Bailey, this meant innovating new forms of decentralised public ownership. By contrast, soft-left candidate Lisa Nandy saw community ownership as an alternative to state intervention. The eventual victor Keir Starmer, focused on uniting the party, was deliberately ambiguous on such questions of policy substance. His tenure as leader so far, dominated by the politics of pandemic, has given few clues to his vision for the UK economy.

A related conceptual question that remains fuzzy is that of appropriate scale. The new left shares a principled commitment to bringing power closer to the people it affects. This usually translates into support for more localised forms of ownership. But local ownership on its own is clearly insufficient. Energy and transport networks need some degree of central co-ordination. There are tensions between the desire to decentralise power and the need for rapid, concerted action to

decarbonise our economies. And in a context of large geographic inequalities, democratising wealth *within* local communities only takes us so far. We also need to rebalance wealth and power *between* local communities. This once again points towards a role for the state. In my view, the new economic democracy cannot simply sidestep the state: rather, it must democratise the state itself.

We need an internationalist approach

Nor can we stop there. Questions about appropriate scale and about geographic imbalances of wealth and power apply equally at international level. In a word of rising far-right nationalism, limiting our concept of democracy to the national level feels inadequate. Is it really enough to democratise wealth within nation-states in the Global North, if that wealth was amassed through colonial and neo-colonial exploitation of the Global South? Are national democratic solutions to climate change, like a 'Green New Deal' in the US or UK, good enough when the causes and impacts of climate change are inherently global? And if we believe natural resources should be owned in common, why should this ownership stop at national borders?

Even if it were desirable, a purely national approach may not be practical. For one thing, capital is global, and attempts to control or democratise it within one country will inevitably meet resistance from international high finance. For another, not all nation-states have the same power to act within this global system. Leftists in the UK and US have often been inspired by German models such as the Sparkassen public banking network. Less attention has been paid to the international context in which these models work: Germany's export-led economic model, its position in the eurozone and the impacts of all this on countries in Europe's periphery such as Greece and Portugal.

We cannot simply cherry-pick solutions from one national context and assume they will work in another. Rather, we need a robust analysis of the dynamics of the global economy and how they can be tackled by a global democratising project. Ultimately, this will likely necessitate a new international settlement. Yanis Varoufakis has suggested that we need a new global currency regime to address power imbalances between surplus and deficit countries. Miriam Brett has argued that the Bretton Woods institutions – the IMF, WTO and World Bank – will need to be comprehensively overhauled to support a democratic world economy and global Green New Deal.

There is much intellectual work still to do, then, if these ideas are to coalesce into a project that can replace neoliberalism. There is even more

work to be done to make them a reality. In a world run by the likes of Donald Trump, Jair Bolsonaro and Narendra Modi, building an international movement that can overturn both global neoliberalism and far-right nationalism is no small task. But, if we are serious about turning an age of crisis into an age of renewal, it is a task we must embrace.



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