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Changing Perspectives on the Problems of Democracy, 1970 to 2020: An Organizational Approach

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Abstract

In this short essay, originally presented at the Center on Organizational Innovation's COI@25 25th Anniversary Conference, I discuss a number of predominant perspectives on the singular problems posed by liberal democratic polity over the last 50 years. I first provide an overview of the differing conceptions of the "problems of democracy" that have emerged and shifted since the 1970s. I then turn to an alternative, organizational approach to democracy, as a means of both understanding the genesis of, and relations between, predominant perspectives on the problems of democracy since the 1970s, and of analyzing democracy in the contemporary in terms of organizational innovation and failure.

Keywords: Problems of democracy; organizational innovation; failure.

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When I was invited to contribute to this panel at a conference celebrating the 25th anniversary of the Center on Organizational Innovation at Columbia University, two things came to my mind. The first was that what a great cacophony there is in the literature about precisely what the problems of democracy are, and how many times the dominant perspectives on this question have changed since I started my career as a sociologist. My second thought was that there always existed a tradition of thinking about democracy in organizational terms, a perspective that went way beyond the mainstream idea of seeing democracy merely as a way of electing leaders via free and fair elections. The alternative approach, that I refer to here as the "organizational approach", saw democracy as a mechanism of organizing heterogeneous societies and economies. This organizational approach provides tools to create links among several seemingly contradictory perspectives on the problems of democracy and it also allows for analyzing democracy in terms of organizational innovation and failure.

In the late 1970s, I started studying sociology in state-socialist Hungary. In our political sociology classes, we had to read the works of Jürgen Habermas and Claus Offe, which discussed the legitimation problems of what they called "late capitalism". We also had to read *The Crisis of Democracy*, a report on the "governability of democracies" prepared for the Trilateral Commission (Crozier et al., 1975). The key argument of that work was that democracy itself was "part of the problem", in so far as it was a mechanism that overloaded the state with too many and too diverse demands, causing complex societies to become ungovernable. Problems of governance "stem from an excess of democracy," the authors argued, and thus they advocated for restoring "the prestige and authority of central government institutions."

While in the late 1980s and the 1990s there was a short phase celebrating the "end of history" and the "final victory of liberal democracy", in Central and Eastern Europe (CEE) the celebration was rapidly halted by warnings — this time coming from center-left scholars — that democracy might be part of the problem when it came to the process of transforming state socialist economies into market economies (see Elster, 1993; Offe, 1994). CEE countries had to go through a "catch-up revolution" (see Habermas, 1990), imitating the steps taken by the consolidated liberal democracies of the West; to go through the "valley of tears", a painful process of economic transformation in which democracy might be the mechanism blocking the necessary steps that could allow these societies to arrive at a more radiant future (Sachs, 1991).

Fast forward to the early 2000s and we could see the emergence of a new perspective that saw the hollowing of democratic institutions as the key problem of democracy. The title of the book by Peter Mair (2013) told it all: *Ruling the Void: The Hollowing of Western Democracy*. The façade of democratic institutions was still there, he claimed, but the "action" was somewhere else: the major decisions affecting the development of societies were taken outside of the arena of democratic institutions.

As another decade passed, we could see the emergence of a newer approach to the problems of democracy, now claiming that the key principles and institutions of democracy were under attack; the challenge was now one of how to defend and/or re-establish democracy. The gist of the new dominant approach was best expressed by the title of Levitsky and Ziblatt's (2018) *New York Times* bestseller, *How Democracies Die*.

This brief review did not attempt to offer an exhaustive consideration of the scholarship on the problems of democracy. It aimed instead to offer a sample of representative studies on that topic. Perspectives prior to 2000, that warned of the dangers of too much democracy (or, for CEE countries, of democracy itself), gave way to warnings of the decline of democracy and growing attacks against its core values and institutions. The works written in the 2000s allude to the previous generation's approaches to the problems of democracy; for example, Mair, and

Levitsky and Ziblatt both mention the role neoliberal reforms played in decreasing the room for democratic politics by depoliticizing key issues of social and economic life, preparing the ground for political polarization and populism; while Levitsky and Ziblatt do not explicitly critique *The Crisis of Democracy*, their arguments implicitly challenge its elitist tone.

Here I would like to further explore the links between these dominant perspectives on the problems of democracy. I argue that the ideas that first became dominant in the late 1970s have played a much more direct role in the emergence of the problems of democracy registered in the 2000s. Up until the 1970s, as I will argue below, democracy was seen as "part of the solution" — as a mechanism of running economies efficiently and simultaneously maintaining a broad-based supporting coalition for capitalism and democracy. It was in the 1970s that the dominant perspective shifted towards picturing democracy as part of the problem, as a mechanism that weakened the otherwise beneficial governing capacities of public hierarchies and private markets, and that these problems could be alleviated by reducing room for democratic politics. *The Crisis of Democracy* was just one of the representative volumes, and perhaps not even the most relevant one of the emerging new approach of that time. The turning of these ideas into actions led to reducing room for democratic politics and to depoliticizing key social and economic issues. In the 2020s democracies still struggle with the consequences of this shift in perspective on democracy.

The key argument of this essay is that the organizational perspective on democracy might offer a solid framework for exploring the links among the above-highlighted different perspectives on the problems of democracy. Democracy, in the organizational approach, is an institutional assemblage that provides a mechanism for organizing encompassing alliances around strategies of social, economic, and political change. It allows for creating and maintaining broad-based social coalitions that support and, if needed, defend the economic and political institutions that produce the outputs they value and that may be seen as common goods by a variety of social groups. Far from merely reflecting the existing balance of power among diverse social groups, democracy can shape power relations among heterogeneous social groups and provide tools for transforming relations of conflict into relations of complementarity, extending the social bases of democratic institutions in the process.

However, democracy also provides tools for exclusion, for narrowing the set of social groups that can gain from the workings of these institutions. Such exclusionary strategies can lead to social and political polarization, the emergence of populism, and the growth of support for illiberalism and the disorganization of democracies (Slater, 2013).

In the 1970s, elites in the most developed capitalist democracies departed from the organizational innovations represented by the New Deal, which had extended the scope of democracy and used democratic institutions to empower previously excluded social groups. The changes wrought by the era of the New Deal helped to "upgrade" the functioning of the market economy and extend the supporting social bases of political and economic institutions. The 1970s, by contrast, heralded the dawn of a movement in the opposite direction.

Below I start with a brief description of the key elements of the organizational perspective on democracy. This will be followed by a discussion of the above-mentioned post-1970s period, with the aid of the analytical tools offered by the organizational perspective on democracy.

1 Organizing Diversity

The roots of the organizational perspective on democracy go back to the late 18th century, to *The Federalist Papers* and the "scheme of representation" (Hamilton et al., 1987). My summary

here is based partly on my collaborative work with David Stark and partly on other papers that I wrote on this topic (Stark & Bruszt, 1998 and 2001; Bruszt, 2000 and 2002). The authors of *The Federalist Papers* saw the key danger of direct democracy in the possibility of domination over other members of society by well-organized groups of social players with homogeneous interests adverse to the rights of others or of the community's common good. Against this danger, they suggested a complex scheme of representation that would create various associations via political programs among groups with heterogeneous interests. Creating robust links among groups with heterogeneous interests — organizing diversity — was seen by them as a defense against the "wicked projects" of groups of actors with homogeneous interests. While the political regime designed by the authors of *The Federalist Papers* provided opportunities for political participation solely for educated or propertied white males, the scheme designed by them still serves as an inspiration to those who hold that democracy, more than just a means of electing leaders, is a system of organizing societies.

The scheme of representation, or the "political field", as it is understood in political sociology after Pierre Bourdieu, relies on two mechanisms, *competition* and *constraint*. These mechanisms organize broad-based coalitions and increase the probability that binding state decisions produce goods that can be valued as goods by a large diversity of social groups.

It was the pressure of the logic of political *competition* that forced representatives (individuals at the time of the writing of *The Federalist Papers*, and political parties later on) to accommodate in their programs diverse interests in a balanced way. To maximize their chances of being elected, representatives have to take into account the biggest number of diverse interests. But they cannot simply *re-present* these divergent interests as they are given. If they would do just that — if they would simply re-present specific interests in their narratives, taking into account conflicting preferences as they are given, with potentially conflicting policy implications — they would be discredited. To improve their chances of being elected, representatives must find innovative and balanced ways to link diverse interests, forging new types of associations within the myriad of social forces and cognitive categories through which society is represented. They do not simply represent — simply make present in the political field — fixed positions and existing divisions. While competing with each other to get people to identify with their representation of what kind of association of interests best serves public good, they also change the framework through which people define their interests, reshaping their identities. The second effect of competition is that, to stay competitive, representatives must offer a distinctive conception of public good that transcends a mere aggregation of the most encompassing and diverse common denominators of public interest.

Still within the "scheme of representation", the framers wanted to attain the greatest diversity of virtuous representations called public good within the state. The creation of a bicameral body of representation, with representatives for the two houses (s)elected by various methods and by distinct and diverse constituencies, was based on a desire to produce a balanced and diversified system of representation of the common good. It was this diversity of representations that was seen by the framers as the most elementary safeguard against the usurpation of representations of public good by any single group or actor.

The other mechanism, *constraint*, was to be employed within the state itself. Such constraints — the system of checks and balances — were meant to prevent any branch or level of government from usurping the representation of public good. It gave powers to actors in the various state institutions of representation to force decision-makers at each level and branch to take into account and to accommodate diverse conceptions of public good.

There is a third mechanism however, that is not considered by *The Federalist Papers*, and

that is *contestation*, i.e., the organization of civic associations and social movements that can force representatives to include, or exclude, from their representations, different sets of values and interests.

If functioning properly, the three mechanisms — competition, constraint and contestation — contribute to organizing and maintaining a strong supportive coalition for democratic institutions, a coalition assembled from diverse social categories that benefit from the workings of the system. We can speak about organizational innovation when incumbents or contestants change the workings of these mechanisms in a way to allow for reorganizing political alliances and including groups, values, or interests that were previously excluded. The New Deal, to give an example, remade the balance of power between the Supreme Court and the legislative and executive branches of the United States government. This remaking of the system of constraints within the state allowed for the emergence of the regulatory state and the inclusion of a much greater diversity of values and interests in binding state decisions. The Wagner Act, and in general the legalization of trade unions and certain forms of collective action, altered the structure of contestation and brought in labor as a new player in economic policy making.

On the other hand, we can speak of organizational failure when incumbents can partly or completely neutralize, or decrease the powers of, one or another of these mechanisms. Populist leaders can neutralize a diversified scheme of representation, replacing it with the principle of "me the people"; illiberal leaders or oligarchs can partly or completely neutralize checks and balances; and autocratic leaders can try to eliminate these mechanisms entirely, such as through large-scale mobilization.

2 Disorganizing Representative Democracies

We can now start using the organizational perspective to explore the problems of democracy that arose in the 1970s. This was the decade that heralded the end of the postwar settlement of embedded liberalism, and was the dawn of a new era that saw the growth of the three abovementioned mechanisms of representative democracy as a problem when organizing the social and economic life of societies.

Embedded liberalism, the cautious post-war transnational arrangement of limited market opening in the framework of the Bretton-Woods agreement, combined a degree of liberalization of trade with the putting of the use of key factors of production — in the first place the movement of capital — under the control of national-level democratic institutions. The era of embedded liberalism drew on the New Deal constitutional doctrine that defined the free market, and its two key pillars, freedom of property and freedom of contract, as political constructs created and maintained in the framework of democratic politics to serve the common good. The picture of the core elements of market economies as political constructs by the New Deal-era Supreme Court gave the political branches of the state, the legislative and the executive, the right to regulate these freedoms in a way that could be seen to yield common goods. This change extended the accountability of holders of capital, and it opened up room for, and created incentives for, competing representatives to forge broader social alliances with their political programs and policies. In post-war Europe, similar changes led to the transformation of class parties to catch-all parties, competing with each other to organize encompassing socio-economic coalitions of winners from the workings of their economic and political systems.

In the late 1970s, political elites on both sides of the Atlantic introduced measures aimed at departing from the post-war settlement, depoliticizing key aspects of economic life and liberating trade and the movement of capital. They delegated decision-making on key regulatory is-

sues to non-majoritarian institutions such as courts, regulatory agencies, supra-national organizations such as the EU and WTO, and private arbitration services. The balance of power among the institutional constraints within the state shifted from the political branches of government to the judiciary. The extension of transnational markets within the EU led to the transfer of decision-making rights over major regulatory issues to supranational regulatory agencies, to the autonomous European Central Bank in monetary issues, and to the European Court of Justice (ECJ) in core issues of market regulation. The ECJ altered in major ways the capacity for regulatory activities at the level of member states by conferring freedom of property and contracting a quasi-constitutional position and reducing the room for democratically elected governments to use regulation for forging socio-economic alliances. Freer movement of capital changed the balance of power between national democratic institutions and holders of different types of capital, embedding nation states into transnational markets, with market rating agencies at times playing a more significant role in shaping budgetary policies than elected parliaments. When, in 2011, the German Chancellor spoke of "market-compliant" (*marktkonform*) democracies (Bundesregierung, 2011), she described a situation in which centrist political forces had limited room for innovation or room to represent major alternative courses of action in the economy.

The "end of history" and the "final victory of liberal democracy" were celebrated in the midst of these transformations. Citizens in the fledgling democracies of Central and Eastern Europe (CEE) would also soon learn the new spirit of representative democracy. The warnings coming from left-liberal social scientists were the first to present them with a vision of market economy that can only come about if democratic politics is excluded from the governance of institutional change. Part of my co-authored book with David Stark, *Post-Socialist Pathways* (Stark & Bruszt,1998), dealt with refuting these ideas, and suggested more democracy and "extended accountability" as a means of dealing with the alleged conflict between the extension of economic and political freedoms in formerly autocratic state-socialist economies. Our arguments in this book relied primarily on ideas first expressed in *The Federalist Papers*, and on the organizational perspective on democracy.

Warnings about the potential negative effects of democracy were neatly complemented by calls coming from the international financial institutions to CEE governments not to enter into any kinds of innovation in the process of transforming their economies. The model of capitalism that *works* was in place, these countries were told, and that model was to be imitated and implemented rapidly, preferably through economic shock therapy. Allowing for the expression of diverse "short term interests" of various social groups through the framework of democratic politics might just water down necessary market reforms.

Citizens of CEE countries would also soon learn the practice of building "market compliant" democracies à la the EU. During the accession process, lasting between 1998 and 2004, these countries had to review and implement around 80,000 pages of market regulations prepared by the richest EU member states for regulating the most competitive economies of the continent. Limited room was given for considering and managing the local developmental consequences of these rules, and national parliaments and governing bodies were left with only the task of rubber stamping and flawlessly implementing them.

This large-scale depoliticization of economic decision-making drastically limited the capacity for political representatives to suggest encompassing alliances and to build broad-based coalitions. At least as importantly, it pushed representative institutions, and the actors within these institutions, to dissociate previously associated elements of economic and social policies, creating new divisions among different social categories.

Peter Mair was among the first to register the consequences of this departure from the post-

war settlement that had given democratic politics a major role in organizing the social and economic life of societies. The different chapters of his book, *Ruling the Void* (2013), details the degradation of the "scheme of representation" and the emergence of "cartel parties" that do not offer alternatives and have lost the capacity to mobilize and forge lasting coalitions among diverse social groups. Political participation and engagement are declining, and citizens feel increasingly alienated from politics. Mair highlights the increasing dominance of technocratic governance, where decisions are made by experts, bureaucrats, or international institutions, rather than through democratic processes. He was also among the first to register the rise in populist movements, which claim to represent "the people" against detached elites.

Finally, the book *How Democracies Die* (Levitsky & Ziblatt, 2018) calls attention to the different ways representatives can exploit the disorganization of representative democracies, use the rules of democratic politics to concentrate power, weaken checks and balances, and erode civil liberties, while maintaining a façade of democracy. Levitsky and Ziblatt focus more on the erosion of norms and behaviors — particularly those that constrain authoritarian tendencies — examining how leaders subvert democratic institutions and norms across historical and global contexts. They also draw on the ideas of *The Federalist Papers* and discuss to different degrees all the three mechanisms of the organizational approach: competition, constraints, and contestation.

Levitsky and Ziblatt also call attention to the need for further comparative studies of the disorganization of democracies. Democracies largely differ in the ways their "scheme of representation" is institutionalized, in the effectiveness of political competition, and in the form and strength of intra-state constraints. The cultural and organizational bases of political contestation also widely differ. Among others, such factors shape the way neoliberal reforms have been introduced, and domestic political alliances have evolved.

Moving from the domestic level to the transnational, national democracies differ in the degree that they can shape the transnational or supranational rules that define their allowances for domestic institutional innovation. After the 2008 monetary crisis, incumbents in Greece had to submit their budget for approval to the "Troika", a technocratic supranational body established by their creditor countries. The room for political innovation by the Greek political class during this period was — well — *limited*.

As a result of the combination of such factors, democracies also differ in the ways regarding which of the three mechanisms — competition, constraints, and contestation — is targeted by, and vulnerable to, challengers. The news about the death of democracies is greatly exaggerated. In only a few of these cases, we can talk about the successful elimination of the pillars of representative democracy, i.e., free and fair competition, checks and balances, and the freedom of effective contestation. In many other cases, attempts at autocratic regime change bump into resistance from mass mobilization, or they fail because of the resilience of political institutions. In these cases, challengers can establish populist rule or illiberal regimes that may or may not degrade into electoral autocracies, depending on the strength of political resistance.

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