DEMOCRACY AND CAPITALISM:
THE ISSUE JOINED
FROM WITHIN

by

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DEMONCRACY AND CAPITALISM: 
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Western Michigan University, 1991 

This study utilizes contemporary and classical literature to illuminate the complexities of Western democracy. Of specific focus is American democracy and the effects that capitalism has had upon democracy in America. The achievement of democracy on the scale of the modern nation-state appears problematic even without the adversarial burdens posed by a capitalist economic consort. It emerges that American democracy is particularly compromised by its roots in liberal tradition. Forced by nature to depend upon the allocative abilities of its economic consort, democracy must endure a relationship that dramatically undermines its ideological orientation. Although American democracy is not yet in crisis, there is little doubt about the inevitability of crisis as democratic practice is increasingly sabotaged by capitalism. For democracy to prosper, capitalism must be the servant and not the master of democratic society.
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Christopher E. Bischoff

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Democracy and capitalism: The issue joined from within

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CHAPTER I
INTRODUCTION

Two hundred years ago capitalism was developed in an environment which already included emergent democracy. The significant problems associated with this relationship have emerged more recently. Correctly or not, capitalism is typically viewed as the limiting variable in the democratic capitalist equation. Capitalism now appears to many to be fundamentally incapable of supporting the basic democratic ideals of equality for all individuals, acceptance of individual rights, and freedom for all individuals (see Arrow, 1951/1963; Dahl, 1961, 1967, 1971, 1985, 1986, 1970/1990; Laski, 1933; Lindblom, 1962, 1977; Rawls, 1971). If capitalism is successful in its own ideals it necessarily leads to substantial disparities of income and wealth which lead in turn to disparities in the degree of access to public policy making. Indeed, "inequality is fundamental to its [capitalism's] achievements" (Markovich & Pynn, 1988, p. 49).

The American experience since the end of the nineteenth century has found each successive decade bringing an escalation in the internecine struggle between capitalism and democracy. Because of concern with the relationship of capitalism and democracy, administrations from Roosevelt (FDR) to Carter have all sought through the transfer of payment and tax policy to freeze the distribution of wealth and income to the levels of the 1930s and 1940s. Initially, it
appeared that problems between capitalism and democracy had been solved by the New Deal— that the social welfare state could indeed reconcile the differences between capitalism and democracy. However, after the Carter administration the executive and congressional interest has deflated with government programs shifting away from the impetus established by the New Deal (Philips, 1990; Thurow, 1985). Simultaneously it has become evident that capitalism is increasingly hostile to democracy (Dahl 1971, 1985; Lindblom, 1977).

New evidence of democratic capitalism's ill health is based on a renewed perception of incompatibility which developed from two major inconsistencies that served to exacerbate the relationship. The first inconsistency grew from the disparity of wealth in America and the disillusionment of the demos with attempts to alter the distribution of wealth through the New Deal model. After the stellar growth of the 1950s and 1960s, the panacea associated with capitalism and the industrial society has been replaced with a realism wrought with stagnating economies, cumbersome bureaucracies, stifled human creativity, and feelings of personal powerlessness (Schumacher, 1973). At the same time the perception has developed that large-scale industrial organizations are not socially responsible. Since the owners and/or managers of such organizations are rarely accountable to employees and to the communities within which they reside, their interests are no longer accepted carte blanche as being congruent to those of the community or even the state. Additionally, the burden of how industrialism uses natural resources and the exceptional contributions it makes to environmental pollution—all in the name of producing products which
are often of dubious social value--has brought about "a fundamental reappraisal of the virtues of post-war industrialism" (Davis & Scase, 1985, p. 4). The second inconsistency grew from the re-assertion of populist democracy. The heightened expectations that resulted in increased citizen participation also made the citizens more aware of political inequalities whose origin was economic. While the re-assertion of the populist movement was new, the conceptualization of the position was not, for it is one of the classical models of democracy that parallels the classical pluralist position. Today there is considerable intellectual ferment surrounding the issue of whether capitalism and democracy--especially in the American context--can co-exist without a resultant mutagenesis producing the wholesale deviation of either systems' basic tenets. Assuming that the traditional raison d'etre of America is democracy, the issue revolves around the question of what democracy is and how it is to be preserved or attained.

Within the American democratic political environment, there exists a range of schools--from the conservatives who would restrict the role of the leadership, and the neo-conservatives like S. Huntington who would restrict populist and participatory politics; to advocates of the resurgence of populism and strong participatory politics like S. Wolin. However, for the purposes of this paper, it is the pervasive middle ground--pluralism--which has dominated American political analysis that is most interesting. Indeed pluralism has many important features to offer. It has attempted to disarm any hasty retreat to Schumpeter on the right while similarly resisting any marriage of desperation to C.W. Mill on the left. However, pluralism
too has its detractions. Critics question how an extremely divided society can reach meaningful consensus on any issue or whether the various participants in the system represent the interests and values of the general population and whether the influence of the various participants is equal to the number of citizens for whom they speak. Additionally, pluralism can only be understood in a context that grants recognition to the necessity of some degree of participation.

Statement of Problem

The roots of the present "crisis" of Western democracy are threefold. First, democracy is faced with a number of internal hurdles that remain unpacified. Second, democracy has yet to decisively resolve what is now the old quandary over which economic counterpart is most appropriate for it—capitalism, socialism or some combination of the two. Third, after accepting capitalism by default—for want of a better alternative—democracy is being forced to recognize the increasingly severe handicaps that capitalism presents for it, while simultaneously realizing that the much vaunted and proffered solutions of socialism may not be as viable as it previously appeared (Seldon, 1990). Many advocates of democratic capitalism were euphoric over the 1990 collapse of Soviet style democracy for it was perceived as a victory for democratic capitalism. Given the emergent orientation of democratic capitalism, this euphoria is perhaps premature since the implications of the democratic socialist failure are not in toto positive predictions for the democratic capitalist future. While the humiliating collapse of the Soviet People's Democracies was most
visible, there was already significant waning of the aspirations of planned economies on the Continent—most notably in France and Germany. In what was previously the DDR (German Democratic Republic), the high hopes for democratic capitalist salvation have proven to be largely transitory as the new converts begin to fathom the schism between ideal and method. Ultimately the daunting problems facing both democratic capitalism and democratic socialism mean that the proper economic consort for democracy is not self-evident from either perspective. That is to say, it is not at all clear what the best economic consort to democracy might be or even whether democracy itself remains viable.

Methodological Parameters

The governing methodology of this paper is as follows. The paper will trade on the age-old wisdom that recognizing a problem is a substantial portion of its solution. No effort is made to provide solution to the democratic dilemma or even to answer its specific cause; all the orientation of effort has been expended on outlining the range and extent of the dilemma rather than how to best preserve and pursue democracy. This paper will elucidate through a loose application of "strategic analysis," some of the foremost problems facing democracy in consort with capitalism. The utility behind the concept of strategic analysis, is that it permits focus on one or some of the critical elements of a grand debate without the naive hope of covering all critical elements (and their associated variables). Starting with empirical fact—that income and wealth in America is further concentrating in the hands of a few—this discussion pursues the premise that
democracy is in decline. From this starting point, the discussion proceeds to the application of deductive reasoning to select assertions and hypothesis of eminent scholars. The justification for utilizing this methodological approach is found in the effort to avoid the promotion of pre-foregone conclusions based on postulates emanating from isolated or highly selective bits of data. The result of this methodological approach is (hopefully) that the beginning premise remains malleable so that it can be altered if necessary as new data are assimilated.

Debates such as this paper seeks to undertake suffer a myriad of problems which stem from the natural limitations of man's ability to analyze issues of great complexity and scope. Any attempt at a synoptic discussion is destined to be futile (Lindblom, 1979) for a multitude of obvious reasons which hardly need reiteration. In this circumstance the goal of producing a synoptic analysis even with strictures delineating particular focus on the American experience is more than formidable, it is utopian. Therefore certain obvious avenues of inquiry and study have intentionally been left unexplored. An example of this is socialism—especially as it occurs in consort with democracy. Despite the conviction that socialism has historically played a crucial role not only as an alternative to capitalism, but also as an agent of developmental influence, it must remain undeveloped.

Initially this paper is based on two assumptions. First, it assumes that democracy is both desirable and attainable. Second, it recognizes the socially indivisible nature of economics and politics.
It is imperative to establish that from a practical or theoretical standpoint economics and politics (or more specifically capitalism and democracy) cannot be separated. America is "a society in which economics is married, if only at common law, to politics" (Dahl & Lindblom, 1953/1976, p. xlv). While it is beneficial to separate capitalism and democracy to facilitate and focus discussion, they should by no means be regarded as being separate entities that would occur in similar phase out of the company of each other.

It is to be a basic but undeveloped premise of this paper that the locus of both economic and political theory must be in the question of what are the necessary conditions that must be satisfied so that large numbers of individuals can maximize the degree to which they can achieve their goals through the utilization of social mechanisms. Certainly Dahl and Lindblom were correct when they postulated that "no theory could unify politics and economics unless it made explicit the elemental sociological and psychological premises on which both bodies of theory rest" (1953/1976, p. xlvi). Perhaps the greatest significance of the contemporary return in the use of the term "political economy," is the connotation it carries about the critical inter-relationship of these two social aspects which in function form the foundation of every society.

Overview of the Study

At the nucleus of this paper are to be the myriad problems not only of democracy in consort with capitalism, but also with democracy itself in the methodological application of the ideal. The American
experience with democratic capitalism suggests that at least capitalism is somewhat capable of addressing its "defects" from within (Seldon, 1990). Recognizing at least superficially the recent set-backs of democratic socialism and the previously underrated durability of democratic capitalism (Schumpeter, 1942/1976; Heertje, 1981) is a new impetus to review the revisionist position. Ultimately any possibility of revisionist success or failure will by necessity be tempered by the historically inconsistent American commitment to the democratic ideal of equality.

It is the primacy of the democratic ideal, and the theoretical and practical application of this ideal, that form much of the basis for the paper. Preceding the conjunctive application of democratic capitalism is an attempt to ascertain what the democratic ideal is and what is required to achieve it. It is quickly apparent that democracy as an ideal can be established with only limited specificity, and that it is not without very significant methodological (real-world) limitations. Given such modern requisites due to scale and pluralism, there is no singularly obvious procedural method to achieve democracy. Subsequent focus is on the issues which revolve around the dilemmas poised by prescriptive application of democracy and the conjunctive use of capitalism.

At first blush, it is easy to be deceived by the overt relationship of modern democracy and capitalism. As Dahl pointedly notes "the extraordinarily close linkage between modern democracy and capitalism hints at an extraordinary affinity between the two systems, in fact
that link has always been accompanied by extraordinary tensions, both in theory and in practice” (1986, p. 8).

The crux of the democratic capitalist dilemma is to be found in the interaction of two separate social systems—political and economic—which have considerable overlap in their spheres of application. While the systems are at times independent, inter-dependent, or complimentary, they are most often opposed to the respective functions of each other. That is not to say that they are anathema to each other—rather each system gives central emphasis to a different perspective and hence to a different end. Friction occurs where these different ends cannot be reconciled.

There is a new sense of urgency emanating from an increased sensitivity of incompatibilities which are in fact long standing but have taken on a new and greater importance in recent times. These factors range from the increasing inequality of wealth and income and the failure of the New Deal model, to the heightened expectations of participation among participatory democrats, and the reduced attractiveness of the socialist alternatives. Simultaneously capitalism's might has eroded somewhat as it has had to bear the brunt of a number of endogenous and exogenous set-backs. The weakening of capitalism in its ability to support and perpetuate itself makes it more dependent upon the political sector for its existence. Although some scholars—especially C. Lindblom—would probably disagree, it now seems arguable that capitalism is more amenable to pressure from the political sector than it has been for many years (this could be a bonus if the political system was inclined to better the lot of the individual citizen). This
new dependence of capitalism is new only in degree. Capitalism has long been dependent on the perks and structural advantages offered by the political system. Hence, the business of government is now more than ever before not only to oversee that businessmen perform their tasks of public sector service, but also to cultivate and promote an atmosphere conducive to those business interests (Lindblom, 1977).

Thus, it is the hypothesis of this paper that modern Western democratic theory is in trouble today for two reasons. First, it has myriad unsolved internal problems stemming from its application on the grand scale of the nation-state and its oft uncomfortable reconciliation of liberalism and egalitarianism; and second, that democracy as yet has been unsuccessful in its search for an amicable and supportive economic consort. Capitalism, it appears, is based on fundamental goals and values that are inimical to its joint operation with democracy. At issue is how to reign in the capitalist market system to bring it more into line with democratic principle without inhibiting or destroying the necessary and useful functions the market system provides. Conversely the option of socialism is excluded at the onset in part because it is beyond the limits of this paper but more critically because of its failure as it has existed. To date the most thoroughly socialist (Marxist) paradigms have had to be maintained by authoritarian regimes, a fact which renders dubious the possibilities of democratic socialism upon an explicitly Marxist basis. Thus, by default capitalism remains, and while the case against capitalism is based on its having fundamental goals and values which are often
inimical to the fundamental goals and values of democracy, there appears to be no more viable alternative.

Ultimately the genesis of this paper must be grounded in the realization that there is no definitive answer to the problematic application of capitalism and democracy. Further clouding the democratic perspective are the negative experiences of the command economies. The development and evolution of the manifest dilemmas of democracy in the American experience from the 1930s through today, lend support to the conclusion that some change, incremental or drastic, must occur to deal with the crisis of the democratic political economy. Thus, this paper devolves from not only the individual weaknesses of capitalism and democracy, but also from their collective weaknesses. In final analysis it becomes evident that American democracy is imperiled not because of the burdens of capitalism, but because of the burdens placed upon it by liberalism. Without disputing the epistemological position that liberalism is necessary for democracy (it provides the essential basis for a pluralist tradition that advocates the toleration of dissident opinion with the hope that greater insight and better policy will emerge), it appears that aspects of liberalism create heavy baggage for democracy. Democracy unbridled from its liberal baggage—at least to its historical degree—may quite possibly be viable in consort with capitalism. It is the liberal tradition that has tethered democracy so significantly as to create a situation where capitalism dictates democratic method.
PART I

THE CONCEPT OF DEMOCRACY

No definition of democracy can adequately comprise the vast history which the concept connotes. To some it is a form of government, to others a way of social life. Men have found its essence in the character of the electorate, the relation between government and the people, the absence of wide economic differences between citizens, the refusal to recognize privileges built on birth or wealth, race or creed. Inevitably it has changed its substance in terms of time and place. (Laski, 1935, p. 76)

Democracy means only that the people have the opportunity of accepting or refusing the men who are to rule them. (Schumpeter, 1950/1976, p. 285)

The test of the adequacy of a political system is whether it tends to provide for the interests of the governed and protects them against the abuse of power. Democracy, ... is likely to do this better than other systems. (Democracy, 1967, p. 341)

Democracy is a principle and a method for adjudicating ... conflicts. (Dahl & Lindblom, 1953/1976, p. 41)

Democracy ... the optimum method for making collective decisions. (Bobbio, 1976/1987b, p. 99)
CHAPTER II

OVERVIEW OF DEMOCRACY

Democracy is an enigma. If one is even remotely cognizant of the political world around them, they are also cognizant of the existence of a number of somewhat dissimilar political systems that all claim to be democratic. Other than showing a kind of widespread and tacit desirability of democracy, this diversity roughly defines, while simultaneously contributing to, the muddle that surrounds the use of the term. The goal of this chapter is to establish the necessary elements of Western democracy.

The pursuit of the necessary elements of democracy should take place on essentially two levels. It would be an easy matter to generalize and claim that the theory of democracy is simply that political theory which focuses on the processes whereby the demos exercise control over the leaders of the polis. However such a claim would be mis-leading for at least two reasons. First, "there is no democratic theory--there are only democratic theories" (Dahl, 1956, p. 1). From his quote, it might be possible to presume that Dahl finds that there are significant differences between systems that are otherwise to be considered democratic. On the other hand, Sartori is inclined to argue this point (Sartori, 1987, p. 376). By inference, Sartori contends that it is possible to achieve an ecumenical level of meaning that validates the use of the term in the singular. Sartori's
contention is the epitome of the second reason of deception contained in generalized definition. The definition is general enough to be perceived as correct, but that does not necessarily mean that it describes anything of much significance—it covers essential ground but misses the essence entirely. The positions of Dahl and Sartori are both correct and valuable and this paper will seek to draw from these two perspectives.

From the opening array of definitions, it is evident that there is both an abundance and a considerable diversity in definitions of democracy. Such diversity in definition has led some individuals to incorrectly suggest that democracy is a conceptually vague or even elastic concept (Bobbio, 1976/1987b, p. 90). In all likelihood the variances of definition should be attributed to a variety of factors stemming from the lengthy history, relative complexity of that which is to be defined, and the lack of any singular paradigm which can be cited as an example. What causes this variance—and also makes democracy initially seem difficult to define—is not that the concept lacks substance or specific meaning, but that it may refer to either an ideal or a method. "The democratic goal is twofold. It consists of a condition to be attained and a principle guiding the procedure for attaining it" (Dahl & Lindblom, 1953/1976, p. 41). Thus, much of the confusion over the meaning of democracy most likely stems from the fact that it has two distinct (non-sectarian) aspects of meaning. However, in the distinction of the two different aspects of democracy, it is important to realize that the two views are not mutually exclusive and
that the employment of one inevitably invokes the employment of the other.¹

A few common threads in the diversity of the preceding definitions exist, but for the most part, the definitions merely elucidate different aspects of democracy or different elements in the democratic compound. Although all definitions directly or indirectly deal with the political aspect of democracy, it should be noted that there are also economic and social aspects, that though important, will remain largely un-addressed. Within the diversity and range of definition are contained many of the essential ingredients that form the basis of the modern theory of democracy. In addition to the overtly stated elements of democracy are some critical but unmentioned elements as well as some contingent variables that must be developed to give democracy its true essence.

In the quest to ascertain the essence of contemporary democracy there are two particular areas that muddle the issue: historical circumstance, and the indiscriminate use of democracy to refer to either the ideal or the method. By first understanding the contributions and ramifications of historical circumstance it is possible to wade through much of the initial confusion surrounding the meaning of democracy. Bobbio observes that "from the start democracy has always meant government by all or the majority, as opposed to government by one, or a few, or a minority" (1976/1987b, p. 89). Though this statement may not survive serious scrutiny, it is certainly acceptable enough at a superficial level. However, where the confusion (and no doubt controversy) arises is not in the ecumenical application of this
statement, but in its underlying intricacies. For example, it is a vexing problem for democracy to define who constitutes the "all" in Bobbio's statement. The historical sense of democracy as it applied to the Greek city-states and the Roman Republics is not (usually) what is meant today when the word is applied to modern circumstance. Further confusion undoubtedly arises because the meaning has changed through time. Bobbio is inclined to suggest that what has changed in time is not really its ideal or "prescriptive use" but rather its method or "descriptive use." It is the ideal that has remained relatively constant while the method has changed with time and appears in a variety of incarnations. Yet additional obfuscation of the meaning occurs when the term is bent by opportunistic use and re-definition. That is, "the traditional concept of democracy becomes muddled when government by the people is confused with government for the people" (Bobbio, 1976/1987b, p. 89). Compounding the confusion over historical meaning is the problem(s) that arise(s) due to the ambiguity of meaning—the term unless qualified may engender either an ideal or a method. Perhaps worse is the unqualified alternation in use—sometimes it is used to indicate "liberal democracy" while at other times it is used to indicate only "democracy." In the former sense, democracy is given all the attributes of liberalism—i.e., the democratic ideal is presented as one of freedom—while in the latter use, liberalism and democracy are disentangled and the democratic ideal reverts back to one of equality. Although there is little or no appreciable difference in the political sense between the condition of democracy and the condition of liberalism, this immediately changes if democracy is used
in the social sense where it means democracy and not liberalism. Even when the political context of usage is defined, more muddle in meaning develops as the result of the merger of democracy and liberalism. While the requisite element of liberal democracy is freedom, it is not the requisite element of democracy per se. Tocqueville (1835, 1840/1981) and many subsequent scholars have noted that freedom is not consistent with the internal logic of democracy—in fact, it is a highly secondary element that is at best extraneous. Conversely, equality is, to put it mildly, inconsistent with the internal logic of liberalism.

Why Democracy?

Finally it seems germane to consider the appeal of democracy. Many authors have addressed this question and arrived at numerous answers, but for the purposes and scope of this paper none offer better insight and solution than Bobbio (1976/1987b, pp. 92-6). He suggests that there are four elemental arguments which support a preference for democracy. First is the ethical dimension encompassing positive freedom where freedom is thought of as autonomy. To wit, freedom for Rousseau meant "the obedience to laws which all individuals have laid down for themselves" (Bobbio, 1976/1987b, p. 95). The second argument revolves around the political preference for democracy because it is the most effective solution to the abuse of power. It becomes necessary because historic pattern shows that those who hold political power have the tendency to abuse it. The third argument trades on the utilitarian assertion that democracy is preferred to autocracy because
the collective interest of the people can best be determined by the involved parties themselves. Finally there is the circumstantial argument that democracy must be desirable because of the great pains taken by so many otherwise non-democratic states to proclaim their political systems as being democratic.

Greek Origins

The concept of "democracy" originated more than two thousand years ago in Greece. As would be expected in any lengthy social history, the term has acquired a variety of diverse meanings as an outgrowth of its varied historical settings and applications. "As new forms came to be justified by older ideas, changes in political consciousness occurred that were subtle, elusive, and confusing" (Dahl, 1982, p. 5). Some aspects of the term's meaning are the evolutionary product of cumulative experience while other aspects are less well developed, being based on novel approach and applicable only to modern circumstances. As a result "today's concept of democracy has a very slight resemblance, if any, to the concept that was developed in the fifth century B.C." (Sartori, 1987, p. 278). The original conception of democracy was as an intrinsic piece of a relationship built on the Greek conception of the polis. This conception (which lasted at least until Rousseau) was based on the assumption that the communities were small in both area and number of citizens. "On the smaller scale of the little community, interdependence was palpable, the community sharply defined, the commonalities often rather apparent" (Dahl, 1982, p. 140). The pervading notion was that the ideal of a common good
would transcend factional interests and the resultant conflicts. An individual's community was normally (and quite plausibly) perceived as being merely the extension of the individual's family and group of friends. Even the commonly used modern translation of polis as a city-state does not stand up to the rigors of translation out of context or across time, for the classical Greeks had no conception of "state" as such. Sartori notes that "Machiavelli was the first author to reify 'state' as an impersonal entity and to employ the term in its modern political denotation" (Sartori, 1987, p. 278). Thus democratic process in its original conception was held to apply only to very small states like the city-state. For the classical Greeks it was exactly the condition of statelessness that characterized their democracy. Hence, the contemporary notion of the "democratic state" would be a contradiction in terms for the Greek of the classical era. Ultimately it is evident in both the "descriptive" and "ideal" sense that the ideals, institutions and political practices of democratic ancient Greece and Republican Rome were small-scale (city-state) democracy and differs radically by design and necessity from that of the contemporary democracy large-scale (nation-state) democracy. It becomes evident that modern democracy and the democracy of classical Greece differed in not only method (as a result of geographic and demographic dimensions), but more critically in ideal. "Hence, ancient democracies cannot teach us anything about building a democratic state and about conducting a democratic system that covers not merely a small city but a large expanse of territory inhabited by a vast collectivity" (Sartori, 1987, p. 279).
Significance of Scale

The requirements of scale—both the demos in numeric terms and the territorial size—are such that the political possibilities of the small city-states were entirely different than those possibilities of the large nation-states. Or in the words of Bealey: "within a small political unit such as a city-state, the implications for democratic relationships will be quite different than those in the nation-state" (1988, p. 42). The differences are not just matters of method or procedural application, but also matters of ideal application and aspiration. The substantial differences in the scale of the city-state and nation-state are only partly responsible for the differences between the political institutions of the two kinds of popular regimes.

The paramount examples of small scale popular government occurred in some relatively democratized city-states in classical Greece, the Roman Republic and some medieval Italian "communes" circa 1080 to 1300 (Dahl, 1982, p. 7). The possibilities of popular government on a large scale in a relatively democratized nation-state first appeared with many of its distinguishing features—albeit in a still incomplete form—in the U.S. in the early 19th century. However, most examples of regimes espousing popular government on the scale of the nation-state have arisen only in this century. It is interesting to note that historical evidence indicates that the actual practice of democracy in the city-states is hardly worth idealizing for suffrage was extremely limited and transitions of office were often accompanied by violence or repression or retribution. The demos was reduced by exclusion: women
were denied political rights, as were a substantial portion of adult males. Consequently the "demos" was always a minority of the adult population, and often a rather small and select minority at that. With this in mind, Dahl observed that "consequently it is a mistake, though a common one, to regard the popular regimes of the city-states ... as examples of extensive popular participation in public affairs" (1982, p. 8).

Small-scale polities have numerous attributes or attribute possibilities which in and of themselves are quite desirable. The small territorial area of the city-state was generally confined enough to permit the citizens to assemble as a body or to communicate easily with each other and with leaders—luxuries the nation-state could obviously never enjoy. Within the decision-making context of the small-scale regime, the individual has far greater capacity to relate their values and interests to those of other citizens (Bealey, 1988, p. 43). The responsibility of result for both proponents and opponents of particularistic action—groups as well as individuals—is much more clearly defined in the small-scale polity. "Citizen control appears to be maximized and 'government by the consent of the governed' is visibly in operation" (Bealey, 1988, p. 43). Information is more easily obtained, thereby increasing the possibility for rational policy-making. As J.S. Mill once noted, the participatory inclusion of the individual tends to educate them in the policy-making process—which in turn tends to yield individuals who can propose political action and act more politically rationally. Finally, the leaders of the small scale democracy are more easily monitored and held accountable for
their actions and decisions. While small scale democracy has many desirable aspects, in the overall scheme of political action they do not appear to be capable (at least in the forms existent to date) of achieving the same overall relative benefits that the large nation-state is capable of. 4

There frequently exists the mistaken perception that the direct democracy of the city-states can be contrasted to the representative democracy of the nation-states. However, it was increasingly common, especially in the later city-states, to reduce the burden of popular assembly by placing the decisions and responsibilities of day-to-day government in the hands of officials. While there are some examples of government offices being filled by lot in some city-states, the trend in the later emerging medieval communes and republics was for officials to be appointed or elected with "a marked tendency for officials to be chosen from the same leading families" (Dahl, 1982, p. 9). While the dichotomy of direct and representative democracy refers in the strict sense to the difference in the institutional methods of making decisions, the application of each institutional method is more suited to a particular circumstance. "Direct democracy is clearly more appropriate to small polities, whereas representative democracy is much more suitable for large" (Bealey, 1988, p. 42).

Although it is not democratic in origin, the modern idea of representation in conjunction with democracy developed in the 18th century "when advocates of popular government realized that representation might be joined with democratic process to bring about democracy on the giant scale of an entire country" (Dahl, 1982, p. 9).
the most meritorious aspect of the small scale of the city-state was
the potential for a political life that appears unattainable in the
modern nation-state. This potential political life often becomes a
misconception of reality—as occurred with perceptions of direct
democracy. It is also frequently believed that in the political
thought of the city-state there was a prevalence of the ideal of a
society-wide common good that is sharply contrasted to the egocentric
pursuit of self and group interest that prevails in modern democracy.
Yet the actuality of historic fact seems to indicate that political
life in the city-states was not without strife. "Their history is a
tale of bitter conflicts and almost total failure to develop effective
institutions for settling political disputes (both internal and
external) by peaceful and constitutional means" (Dahl, 1982, p. 10).

In the modern democracy the scope of decision-making is extensive
and often highly technical. There are two limitations of large scale
that are especially significant to the contemporary problem of
democratic pluralism. First, the government of a nation-state is
incapable of being highly participatory due to the inherent limitations
imposed by the vast numbers of citizens qualified for participation.
Second, possibilities of influence wielded by the citizen in a large
nation-state are substantially less than would occur in a much smaller
unit like a city-state. The participatory ideal of the city-state
remains imbued in the concept of democracy in the nation-state. Given
the impediments of (and resource limitations of) scale the participa-
tory ideal is unattainable (Dahl, 1982, p. 12). "For those who believe
that the essential value of democracy is in the opportunities it offers
individual citizens to participate in and exercise control over public life, the attempt to apply democracy processes on a scale as large as the nation-state is bound to produce a sorry substitute for the real thing" (Dahl, 1982, p. 13). Even if polyarchies were to become considerably more "democratized" than they currently are, they could not fulfill the participatory promises of small scale city-states. It is often argued that in view of the limitations of large-scale democracy, that the application of small-scale democracy should be increased and developed. In many ways, the organizations in pluralist democracy function as a kind of response to latent desires for the lost benefits of small-scale democracy. Indeed the desires and opportunity for influence and participation in a large democracy are substantially fulfilled by the function of organizations.

For democracy on a large scale, the existence of relatively autonomous organizations is a necessary but not sufficient condition. That is to say that, they are a necessary element in a large-scale democracy, both as a prerequisite for its operation and as an inevitable consequence of its institutions. The same rights that are required for large-scale democracy are those that make the existence of relatively autonomous organizations both possible and necessary. For example, it would be impossible to have competitive elections without political organizations. These organizations are possible because the institutions of polyarchy are structured so that any efforts to destroy the relative autonomy of organizations that are formed to contest the government's conduct would come at a prohibitively high cost (Dahl,
1982, p. 37). A more complete discussion of the functions and role of organizations appears in the section on pluralism.

Classical Democracy

In the years intervening since the birth of classical Greek and Republican Roman democracy, Western civilization has extensively modified and enriched the values and goals attributed to democracy. The process of re-articulation has endowed democracy with values and goals that the ancients could not have been aware of because of their place on the continuum of history. However, this period of re-articulation has been relatively short and recent. Until the fall of the absolute monarchies in the 18th and 19th centuries the struggle in political theory was between monarchy and republic. Only after the republic had been achieved—and from the experience of the French Revolution—was there consideration of democracy and its antithesis, liberalism. Parenthetically it should be noted that socialism arrived on the heels of the democratic-liberal debate.

As for the conception of state scale: "Before the national state became the focus of democratic ideas, prevailing doctrine insisted that the most appropriate unit of republican or democracy government was the small city state" (Dahl, 1986, p. 115). Thus, classic democracy as opposed to ancient classical Greek democracy, takes its meaning somewhere around the time of Rousseau or Bentham or the Mills (Pateman, 1970, pp. 17ff). Far more important than establishing the birth date of classic democracy is that "What neither its critics or its defenders have realized is that the notion of a classic theory of democracy is a
myth" (Pateman, 1970, p. 17). The point here is neither to establish who deserves credit as the original author of classic democracy nor the precise definition of democracy. Rather the point is to illustrate that the contemporary theories of democracy are substantially defined by whichever classic model they trace their roots from. Major contemporary theories of democracy will be reviewed in a subsequent chapter. Until then, the discussion remains one of establishing the historical nature of democracy.

As any student of politics realizes "politics hinges, in the long view of history, on elementary oppositions and polarizations" (Sartori, 1987, p. 372). At this juncture it is valuable to review the opposite political position of classic democracy—liberalism.
The term liberal as a political word was coined in Spain in the early 19th century as a somewhat derogatory name for the Spanish rebels of the day. It was not until the mid-19th century that the term achieved acceptance and use in England. From this background Sartori (1987) concludes that the noun liberalism was established some three centuries after the thing itself—far too late for its individual identity to become established before being merged with the concept of democracy. He goes on to tell us that "classic liberalism is certainly more definite and corporeal than a mere ecumenical feeling, and at the same time much less contingent and variable than sectarian Liberalism. It is true that liberalism is also an attitude, a mental pattern" (1987, pp. 369-70). Although the precepts and conditions of the liberal ideal have been an integral role in the flowering of Western democracy for 300 plus years, the dimensions of the term have been, and remain even today rather chimerical. "A nameless liberalism has constituted between the seventeenth and twentieth centuries the most fundamental drive of Western civilization, institution as a denomination pleno iure intended to epitomize that experience has achieved status and regard only for a few decades" (Sartori, 1987, p. 371). If liberalism is qualitatively—rather than quantitatively—oriented it is intrinsically anti-egalitarian and hence anti-
democratic. However, given that liberalism promotes the welfare of the governed by increasing their ability and opportunity to govern, it is supportive of democracy.

Economic Liberalism

Finally, classic liberalism—the political liberalism of Locke, Blackstone, Montesquieu, and Madison et al.—is far different than, and must be held distinct from its offspring, economic liberalism. Sartori (1987, p. 379) suggests that only through the recognition of this distinction does it become possible to assess the scope of the interaction and interrelation between the liberalist political system and the liberalist economic system. By following the linguistic distinction in Italian of (political) liberalism and (economic) "liberism," Sartori has attempted to duplicate what Dahl has done with the distinctions of democracy and polyarchy. In this sense, classical political liberalism is based on the rule of the law, and the constitutional state and liberty was (is) political freedom. Alternatively, liberism is the economic doctrine of laissez-faire—the economic principle of free trade; or in its most perverted state, the economic survival of the fittest (Satori, 1987, p. 374). At the same time the various classical theories of democracy were vying for prominence they were engaged in competition with the contradistinctive political concept of liberalism which was as yet unnamed. As with democracy, there is question as to whether there is a singular school of political liberalism. However the important question is about the role of liberalism relative to democracy. All future references to liberalism will imply—unless
otherwise noted—its political orientation as opposed to its economic liberalism.

**Classical Economic Liberalism**

Society and social institutions to the early liberal were useful to produce not only political benefits such as collective security, but also economic benefits from the division of labor which made developed society possible.

Building from the Hobbesian (1651/1946) assumption that man, without restraint, would pursue selfish motives that would lead to a "natural state" of conflict where each man struggles for survival against all others. For Hobbes, the only solution to the "natural state" came from the establishment of a source of absolute power—a centralized government. It was envisioned that each man would subject themselves to the central government in exchange for protection from all others. Contradicting the Hobbesian proposal for a central government was the classical liberalism and its cardinal tenet that men (especially those in business) should be free to pursue the egoistic motives with a minimum of restraint imposed by society. Reconciling the contradictory stance of these two positions was liberal economics. With a creed stressing the benefits of competitiveness and the rivalry born of unrestrained egoism battling in a capitalist market setting, the liberal economics of Adam Smith (1776/1976) asserted gain to accrue to individuals as well as to society. Smith believed if both capitalists and workers went unimpeded, that their pursuit of self interest
would lead them to use their capital and labor where it was most productive. Hence Smith and the classical liberals were opposed to the existence of central authority or legislation that sought in any way to determine what was produced when the "invisible hand" of the market was clearly much more efficient.

The laissez-faire role advocated by Smith for the role of government on the intellectual level (i.e., protection against foreign invaders, protection of citizens from "injustices" caused by other individuals, and the building and maintaining of socially beneficial public works) was adulterated and re-interpreted under the classical liberal businessmen and industrialists (Hunt & Sherman, 1975, p. 53). Government protection against foreign invaders was re-interpreted to include the procurement "or even enlargement of foreign markets through armed coercion" (Hunt & Sherman, 1975, p. 53). Protection against injustices was redefined to essentially mean the "protection of private property, enforcement of contracts, and preservation of internal order. ... Giving the government the function of protecting property relations meant giving government the job of protecting the source of power of the economically and politically dominant class: the capitalists" (Hunt & Sherman, 1975, p. 53). The division of labor and complex organization required for capitalist society meant that for it to succeed, contract enforcement was crucial as was internal order. Finally the building and maintaining of public works become a facade for the construction of infrastructure projects (and institutions) which would promote profitable production and exchange. Already among the philosophy of classic liberals was the opinion that government
intervention in economic affairs was grudgingly acceptable if limited to stabilizing and promoting business interests.

Neoclassical Economic Liberalism

Neoclassical economics developed in the late 19th century as a response to the growing schism between classical theory and the economic reality of the time. That is, it sought to accommodate the burgeoning economic concentration of corporate capitalism. Much of the economic dogma of classical liberalism "was combined with Benthamite utilitarianism (which was already implicit in Adam Smith's normative model of the invisible hand) and refurbished within an elaborate and esoteric framework of algebra and calculus" (Hunt & Sherman, 1975, p. 95). Assuming both the current distribution of wealth and income as well as the existence of a free market where consumers could enter into the unimpeded exchange of personal income for commodities, the neoclassical economists argued that consumers would distribute personal income naturally through purchases of desired commodities in such a way that it would maximize the welfare of all. After beginning with the assumption of "original" income and wealth, much of the neoclassical dogma was based on the defense of Adam Smith's concept of the policy of laissez-faire and the functioning of the invisible hand of market competition.

The foundations of neoclassical economics developed cracks from its dependence upon the assumption of "perfect competition." The neoclassical school recognized that conditions of monopoly, social service provision, and natural resource consumption or pollution, all contrib-
uted to the instability of an unrestrained free-market capitalist system. Solution was found in government intervention. For example, government antitrust actions could coerce large and powerful firms into acting as if they were competitive. Special sector-oriented taxes and subsidies could be designed and applied to circumstances where private and social costs differed. Finally, prudent government intervention with fiscal and monetary policy was recognized as a means to eliminate the instability of free-market capitalism.

Neoclassical economics recognized the flaws in the system as being of a relatively insignificant and ephemeral nature easily corrected by an enlightened government. Among neoclassical economists, two positions developed concerning the proper course of action to remedy systemic flaws. The liberal position advocates "extensive government intervention in the economic system" (Hunt & Sherman, 1975, p. 99) where the free market does not maximize social welfare—with the caveat that the said intervention not destroy private ownership or the capitalist market economic system. Conversely, the conservative position views the systemic flaws as being minor and advocates the barest minimum of government intervention—and then only those tasks that directly or indirectly promote business profitability. This position places the contemporary conservatives very close to that of the 19th century political liberals.

Once beyond the intellectual strictures of Adam Smith on the responsibilities and duties of government, the dogmatic stance of the classical liberal manufacturers and industrialists as well as the neo-
classical economists after that, makes them considerably more tolerant of government intervention than their politically liberal brethren.

Liberalism

The primary concern of liberalism is the "outer" freedom of man—the thought that no one should be incarcerated or restrained without due process and/or due cause. Thus at the core, liberalism is "the theory and practice of the juridical defence, through the constitutional state, of individual political freedom, of individual liberty" (Sartori, 1987, p. 380). The practical contribution of abstract (ideal) liberalism has been to curb absolute and arbitrary power. Liberal democratic ideas—i.e., liberalism—developed in opposition to the concentration of power. "Liberal democracy represented a movement away from the uniformity of centralized regulation imposed by means of power concentrated in the crown, the royal ministers, and an unrepresentative parliament" (Dahl, 1982, p. 105). It is the affirmation of liberalism that solves the difficult questions of "who controls the controllers" and "how to reign-in arbitrary applications of the state power" (Dahl, 1982, p. 105).

A further complication exists in the understanding of liberalism. As would also be the case with democracy and the Democratic party, there is at best only a tenuous link between liberalism and the present-day Liberal parties. Sartori attributes the confusion between the ecumenical and sectarian use of the term to the fact that "since it is not easy to identify the historical essence of liberalism, the term
is up for grabs" (1987, p. 369). Thus the term becomes connected and confused with the more easily perceived sectarian meaning.

Liberalism and Democracy

Historically the relationship between liberalism and democracy has been much more than one of conflict and competition between two contrary positions. Sartori observes that in the latter 19th century "the liberal and the democratic ideals blended with each other, and in their blending became misapprehended. The happy historical conjuncture that bound them together erased their respective characteristics, let alone their boundaries" (Sartori, 1987, p. 367).

Tocqueville was one of the first to abandon the classical use of democracy and to embrace its contemporary use when in a September 12, 1848 speech he said "Democracy and socialism are linked by a word, equality; but the difference must be noted: democracy wants equality in freedom, and socialism wants equality in poverty and slavery" (Sartori, 1987, p. 373). Sartori notes that in dividing democracy into two parts, Tocqueville attributes the non-liberal part of democracy—democratic despotism—to socialism, while he associated its non-despotic part with liberalism. By doing this, Tocqueville disarms the inherent contradiction that liberty and equality hold for each other. "The equality that is inimical to freedom was to be found in socialism, whereas the equality that is in harmony with freedom was to be found in anti-socialist democracy, in the democracy that accepts liberalism" (Sartori, 1987, p. 373).
Liberal Democracy

In simple terms the basic relationship between liberalism and democracy is a relationship between liberty and equality—where liberalism calls for liberty and democracy calls for equality. In the fusion of liberalism and democracy, liberalism has in substance prevailed over democracy. With the contemporary democratic position maintaining that freedom is the end whereas democracy is the means; liberalism is evidenced to have absorbed democracy to a far greater degree than democracy has coopted liberalism.

The procedural viability of combining liberalism and democracy is borne out by the experiences of the Western polities that are both liberal and democratic. This procedural relationship entails more than a simple merger of liberty and equality. First, there is a distinction to be made between democracy in the political sense and democracy in the social sense. In the social sense it is a relationship replete with role divisions, where the liberal has a more political orientation and the democrat is more inclined to have a welfare orientation. Within their respective role divisions, it is the liberal who understands the creation of social order and who instigates the development of procedural democracy. The democrat, on the other hand, is diffident as to method. His concern is with the substance and results of the democratic endeavor. The democrat is more inclined to exercise power than to preside over the application of it. "In the political sense there is no appreciable difference between the democratic and liberal state; the former is, for the most part, the latter under a new name."
When, on the other hand, we speak of democracy in the social sense, we are speaking of what is properly democracy and not liberalism" (Sartori, 1987, pp. 385-6).

In a more ecumenical sense, liberalism is primarily concerned with the form of the state and limiting the state's power, whereas democracy is primarily concerned with the normative content issuing from the state and the insertion of popular power into the function of the state. Sartori (1987) asserts that in the role division between liberal and democrat, it is not the liberal as much as it is the democrat who appreciates social order. "Perhaps the [most] fundamental difference is that liberalism pivots on the individual, and democracy on society" (Sartori, 1987, p. 384). Democracy reveres social cohesion and distributive equality, while liberalism reveres individual primacy and differentiation. The liberal antagonism with the equality of democracy rests on the contention that without differentiation, equality—especially where it is guaranteed—promotes mediocrity by stifling individual initiative. Thus, the problem for liberal democracy is to promote the individual initiative that brings progress while at the same time promoting the social cohesion that enables a society to function and survive. Bell finds the contradictory nature of this issue to grow "from the fact that liberal society was originally set-up—in its ethos, laws, and reward systems—to promote individual ends, yet has now become an interdependent economy that must stipulate collective goals" (1976, p. 176).

Finally, much of the liberal democratic theme rests on the premise that there is a direct relationship between individuals'
freedom and their freedom to accumulate and disburse information. Though ignorance may initially be blissful for the polity, in the long-term it is detrimental because it decreases the polity's ability to deal with reality in an effective manner. Systemic constraints aside, the ability to effectively deal with reality is what in essence imbues the polity with the capacity to control their leaders. Loss of popular control results when leaders are permitted (or able) to deceive the polity. Deception of the polity nullifies the popular ability to see through the achievement of popular desires and interests.

Democracy Within Liberalism

Initially it was the liberal component that dominated the democratic component; however, in the 20th century the democratic component is beginning to prevail over the liberal. Since the turn of the century, liberalism—especially in the U.S.—has retreated considerably from its prior commitment to dispersion. Dahl (1982, p. 105) attributes this trend reversal in the U.S. to be the result of desire by Liberals (progressives, reformists, New Freedomites, and New Dealers) to be able to implement national policies. Woodrow Wilson's New Freedom and Franklin D. Roosevelt's New Deal both required that these policies be uniformly applied on a national basis. "As a direct consequence, the new liberalism sought greater centralization of control over policies and decisions in federal agencies and a greater concentration of political resources at centers in Washington" (Dahl, 1982, p. 105). In a similar vein, Sartori attributes the "depreciation" of liberalism to be the result of its success (1987, p. 389).
Power has been so successfully reigned in by the constitutional state that now economic constraints supplant political constraints as being the onus of the people. However, given that the modern state no longer functions as "a minimal state," this situation appears increasingly close to reverting to a condition where political restraints may again reign prominent if not prevalent. "To the liberal democratic panoply of legislature, court, and executive have been added administrative agencies that are not legislative or judicial or simply implementers of statutory law. Such agencies exercise great discretion, which is often loosely if at all, bound by citizen preferences, statutory declaration, or judicial review" (Elkin, 1985a, p. 2). Ultimately if Sartori is correct in his assertion that liberalism has "depreciated" due to its success, those who subscribe to the idea of democracy within liberalism may find liberalism's present lack of success—including its contextual failings in the U.S. to implement national policies of systemic reform—may help it to regain its previous stature. While avoiding the topic of democracy without liberalism—which is too dangerously close to the actual socialist cum Marxist position—a review of the ramifications of seeking increased democracy is necessary.

The pursuit of more democracy in the democratic/liberal equation is not restricted to democracy in the political sense—more social equality and economic welfare can be sought. It means that the foundations for "democratic life revolves around small groups, face-to-face relationships, a multi-group society," (Sartori, 1987, p. 388) and the development of self-governing voluntary associations outside government. Addressing the limitations of nation-state government to provide
more democracy, Dahl and Lindblom observe that: "the nation-state can only provide the framework within which the good life is possible, it cannot fulfill the functions of small groups" (1953/1976, p. 520). The problem is that few citizens recognize that representative political democracy does little more than permit them entry into a legalized framework based on "techniques of liberty" but does not provide de facto democracy. Seeking more democracy does not necessarily entail less liberalism, it is not a zero-sum proposition. There is no mutual exclusion in simultaneously seeking more democracy and at the same time more liberalism. However, to maximize the democratic element of the system at the expense of the liberal element accomplishes little more than to hobble the whole of liberal democracy at best, and initiate its ultimate demise at worst. In the relationship of liberalism and democracy, liberalism functions as a tool of democracy, while democracy itself does not function as a vehicle of liberalism. The liberal democratic equation is built on "equality through liberty, by means of liberty, not liberty by means of equality" (Sartori, 1987, p. 388). Democracy, then, should not be viewed as a replacement for liberalism, but as a "completion" of it. Given the unidirectional nature of the "procedural" relationship between the liberty of liberalism and the equality of democracy, the exchanging of liberalism for democracy is a process with potentially dire consequences. Although Sartori may exaggerate the actual threat of trading liberalism for democracy, one should not dismiss lightly his contention that "from liberalism we are free to go on to equality; [while] from equality we are not free to get back to liberty" (Sartori, 1987, p. 389). Ultimately it emerges that
"freedom from political fear is a truly enormous achievement and that the liberal-constitutional state is the precondition for everything" (Sartori, 1987, p. 389).
CHAPTER IV
DELINETERATIONS OF IDEAL AND METHOD

In the opening quote at the beginning of Part I, Dahl and Lindblom (1953/1976) provide a crucial clue about the meaning of democracy. They point out that democracy can be used to describe both a method and an ideal. In very much the same vein, Sartori asserts that "what democracy is cannot be separated from what democracy should be" (1962, p. 4). It is precisely this differentiation which causes much of the obfuscatory umbrage surrounding the term. This distinction must not be allowed to detract from the realization that prescriptive democracy and descriptive democracy must, and indeed do, interact in a complementary relationship. Despite this relationship "the democratic ideal does not define the democratic reality, and vice versa, a real democracy is not, and cannot be, the same as an ideal one" (Sartori, 1962, p. 5).

Ideal

Where ideal (theoretical) systems are realistic, they devolve near or even slightly beyond the limit of human possibility. In this latter sense of ideal, the concept of democracy has historically meant government by a large portion of the people. Dahl articulates five criteria that he finds are necessary (but not sufficient) for the ideal democratic process:
1. Equality in voting: In making collective binding decisions, the expressed preference of each citizen (citizens collectively constitute the demos) ought to be taken equally into account in determining the final solution.

2. Effective participation: Throughout the process of collective decision making, including the stage of putting matters on the agenda, each citizen ought to have adequate and equal opportunities for expressing his or her preferences as to the final outcome.

3. Enlightened understanding: In the time permitted by the need for a decision, each citizen ought to have adequate and equal opportunities for arriving at his or her considered judgment as to the most desirable outcome.

4. Final control over the agenda: The body of citizens (the demos) should have the exclusive authority to determine what matters are or are not to be decided by means of processes that satisfy the first three criteria. (Put in another way, provided the demos does not alienate its final control over the agenda it may delegate authority to others who may make decision by nondemocratic processes.)

5. Inclusion: The demos ought to include all adults subject to its laws, except transients. (Dahl, 1982, p. 6)

Indeed the ultimate goal of democracy as an ideal is the condition of political equality. Political equality occurs when "control over government decisions is shared so that the preferences of no one citizen are weighted more heavily than the preferences of any other one citizen" (Dahl & Lindblom, 1953/1976, p. 41). The ultimate achievement of democracy is to permit the individual to have self-control and self-realization. This is possible only if the appropriate social conditions are created by the presence of the social principles of democratic liberty and democratic equality. Liberty and equality are not merely ends, but they are also means. They are the prerequisites that permit the existence of realistic individual participation. By extension, democracy is seen in the liberal individualist tradition as a method to safeguard and reconcile both individual and group interests. In the American context this meant the Madisonian safeguards
designed to balance diverse interest against one another so as to prevent the tyranny of the majority. These safeguards then permitted "no faction, not even a majority, to deprive minorities of their natural rights by demanding the concurrence in action of independent authorities" (Dahl, 1956, p. 33). Thus democracy is seen to require the dispersal of power among the people, not the traditional concentration of power among an elite. This is essentially the distinction between democracy—which is power from below, and autocracy—which is power from above.

Following along ideal lines substantially similar and wholly compatible to those enunciated by Dahl, Bobbio proposes what he sees as a generally agreed upon "set of rules" which form the conceptual basis of democracy. In the succinct words of Bellamy (1987, p. 21), Bobbio's rules for democracy require:

1. That all citizens who have reached the age of majority, regardless of sex, race, creed of economic condition, possess political rights and can vote on collective issues or elect someone to do so for them.
2. That everyone's vote has equal weight, counting for only one.
3. That all citizens can vote according to their own freely arrived at opinion, that is in a free competition between rival political groups which vie with each other to aggregate demands and transform them into collective decisions.
4. That they have a free choice in the sense of having real alternatives to pick from.
5. That they are bound by the majority decision (whether relative, absolute, or qualified).
6. That no majority decision can limit the rights of the minority to become in their turn, and on an equal basis, the majority.
The semblance of scholarly agreement over the general requirements of ideal democracy substantially degenerates upon entering the realm of democratic method.

Method

Possibly the greatest area of controversy in democratic theory occurs at the threshold where ideal is transferred to method. At times the gap between ideal and method appears rather ill defined as the two occur concurrently. The normal schism between ideal democracy and method (actual democracy) is due only part to factors which may be humanly controlled (and are therefore open to human remedy) while the remainder of the gap simply results from the inherent limits posed by the application of democratic processes on the grand scale of the nation-state. Hence, modern democracy—like the regimes of the city-states—still remains rather short of fulfilling in actuality the criteria of ideal democracy.

Contemporary democratic method retains in it vestiges of a tradition based on popular self-government—i.e., direct government by the people. For the vast majority of citizens, the bounds of their participation in government in the popular sense is perceived as being limited to the right to vote. In the highly pluralistic democracies of today, it is frequently beyond the comprehension of the average citizen to conceive of the many opportunities for participation or even the ways in which they inadvertently participate. Riker goes so far as to claim that "voting, therefore, is the central act of democracy" (1982, p. 3). However, this perspective leaves little leeway for the impact
of scale which mould the actions of method undertaken by the modern democratic nation-state. It also does not recognize the value of the developments of the last few hundred years which extended the democratic process to the government of an entity as large as a country. Implicit in the scale of a nation-state is a demos that are unavoidably numerous and diverse. And where number and diversity coexist on the scale of a nation-state, political conflict becomes inescapable but need not be inherently undesirable. The methodological coup of democratic systems is to recognize that conflict is inevitable and to encourage its open expression through organized political parties and interest groups—a method that can be monitored easily and controlled where necessary. Indeed "organized political parties and interest groups were necessary, normal, and desirable to democratic political life" (Dahl, 1982, p. 10). From this background Dahl finds the development of seven political institutions which together distinguish today's historically unique democratic political regimes from all others. The institutions are:

1. Control over government decisions about policy is constitutionally vested in elected officials.
2. Elected officials are chosen in frequent and fairly conducted elections in which coercion is comparatively uncommon.
3. Practically all adults have the right to vote in the election of officials.
4. Practically all adults have the right to run for elective offices in the government, though age limits may be higher for holding office than for the suffrage.
5. Citizens have the right to express themselves without the danger of severe punishment on political matters broadly defined, including criticism of officials, the government, the regime, the socio-economic order, and the prevailing ideology.
6. Citizens have a right to seek out alternative sources of information. Moreover, alternative sources of information exist and are protected by law.

7. To achieve their various rights, including those listed above, citizens also have a right to form relatively independent associations of organizations, including independent political parties and interest groups. (1982, pp. 10-11)

Countries which do not approximate these criteria cannot be considered democratic—at least in the Western sense of the term. To distinguish between democracy in the above sense of the term and the ideal sense of the word Dahl and Lindblom (1976) introduced the term "polyarchy."

Further complicating any description of the democratic method is the fact that the theory of social justice is an inherent part of it. Thus within democracy is the stipulation that "there is an intimate link between the ultimate results and the procedures by which they have been obtained" (Bobbio, 1976/1987b, p. 67). To more thoroughly fulfill this end, Bobbio proposes that the principle "'the end justifies the means' should be corrected to read: 'the end justifies the means which do not modify, and thereby corrupt, that end'" (Bobbio, 1976/1987b, p. 99). Conversely results should never be ignored simply to augment desirable procedure either. Ideally then, democratic results should be achieved with a cautious eye toward procedures. Democratic method must simultaneously fulfill both ideological and methodological criteria. In fulfilling these criteria, there emerge a number of key characteristics which are exclusive, at least in degree, to that system.
CHAPTER V

TENETS OF DEMOCRACY

Participation

The first characteristic of democracy is that of popular participation in government. Participation, or the principle thereof as Rawls calls it, is the political application of "equal liberty" as constitutionally defined. Participation "requires that all citizens are to have an equal right to take part in, and to determine the outcome of, the constitutional process that establishes the laws with which they are to comply" (Rawls, 1971, p. 221).

Riker on the other hand, finds participation to have two somewhat different aspects. First, participation means the subjecting of rulers to popular judgement. Second, he relies on the Aristotelian distinction that: "ruling and being ruled in turn is, said Aristotle, the essence of good citizenship, and good citizenship he equated with the good life" (1982, p. 6). It is participation, then, which permits the individual to achieve their maximum amount of self-control in society. Democracy in contradistinction to autocracy, requires participation as a necessary but not sufficient element. Even when a political system makes collective decisions--i.e., those decisions which affect the community as a whole--through the aggregated inputs of its members it may not be democratic in the Western sense of democracy (polyarchy).
Much of the inherent difficulty in addressing participation arises from the question of how broadly equality of political liberty is to extend. Rawls suggests that the main variable "in the extent of equal political liberty lies in the degree to which the constitution is majoritarian" (1971, p. 224). However, effective but equitable participation is anything but simple to achieve and faces many difficulties vis-à-vis achieving collective decision. For example, decisions must be made on an equal basis but since not all citizens will agree on what basis the opinion of some is to be valued over the opinion of others, popular participation will likely face stasis, or worse yet, conflict. Parenthetically, democracy in the liberal democratic sense has at various times been described as a way of adjudicating conflict. Equally vexing is that where large numbers of persons are involved in the decision making, there will be large numbers of alternatives proposed if the system permits. Therefore some sort of guidelines or rules like those proposed earlier by Bobbio, are necessary to provide an orderly decision-making process.

Participation manifests itself in a variety of ways; interest group activity, party membership, campaigning, incumbency and voting are all possibilities. It must be noted that Bachrach (1975) would disagree with the preceding interpretation of what constitutes participatory activity. Rather, he would relegate the preceding activities to the status of "essential attributes of a democratic polity" where some of these forms of political action are indeed "important if not vital means to the realization of democratic participation" (Bachrach, 1975, p. 41). None of them "affords the
individual the opportunity to engage in the decision making process" 
(Bachrach, 1975, p. 41) so he considers them not to constitute 
democratic participation. The ideal objective of the democratic 
constitution to undertake and promote those actions which "enhance" the 
value and the opportunity of participation for all members of society 
on a basis of equal rights. The definition remains as originally 
tendered with the additional parameters that the activities should not 
be violent and that they should be voluntary.

Of the above listed examples of participatory activity, one of 
them—voting—is not only the simplest and most common form of par­
ticipation, but it is also of a different genre. Voting belongs to 
that group where "not only must an individual make up his own mind 
about alternatives, but in a loose sense a group must make up "its 
 mind" (Dahl & Lindblom, 1953/1976, p. 89). Within this spectrum "there 
are a limited number of basic ways by means of which alternatives can 
be cast up, selection made, and the selected goal or goals scheduled 
for action" (Dahl & Lindblom, 1953/1976, p. 89). Dahl and Lindblom 
continue on to recognize three "mechanisms for scheduling goals" that 
are of particular significance: (1) voting, (2) delegation, and (3) 
market choice. Though the mechanisms cannot be treated here in 
accordance to their importance, a brief review seems necessary.

Voting schedules goals by counting the expressions of preferences 
(votes). Voting in particular is significant because through this 
 deceptively simple act, it is possible to discern much of the basis for 
many democratic institutions. Voting is additionally interesting 
because of the position of primacy (relative to other forms of partici-
pation) that it holds in many democracies. For example, despite the constitutionally guaranteed potentialities for political action, in the American context virtually all political activity for the masses revolves around the contribution made at the ballot box. And even this limited form of participation is performed by only very small numbers. Some scholars have noted that such apathy may at least be a sign of healthy democracy since political activity and passions tend to run high only when there is strife. "A study of participation rates and of factors stimulating participation suggests that there is little likelihood that intense political interest and involvement will develop so long as government functions adequately, enabling citizens to keep politics as a peripheral concern in their lives" (Milbrath, 1965, p. 149). Unfortunately such apathy may become so habitual that democracy run astray may go unchallenged. That is, "disinterest and apathy are not approved because, should they become widespread, power could easily be usurped and the quality of government seriously decline" (Milbrath, 1965, p. 142). On an alternative note, Sartori postulates that "the average voter does not act, he reacts. Political decisions are not arrived at by the sovereign people, they are submitted to them. The processes of forming opinion do not start from the people, they pass through them" (Sartori, 1962, p. 77). If Sartori is correct, the popular participation of the electorate has less significance in a democratic system than Riker and his ilk would lead one to believe. Substantially concurring with Sartori's position, Elkin also argues "that state [nation-state] officials are not closely bound by voter and group preferences, although the apparatus of popular control does
matter" (Elkin, 1985a, p. 14; see also Elkin 1985b). Interestingly, voting per se is not necessarily democratic. Rather "only voting that facilitates popular choice is democratic" (Riker, 1982, p. 6). That is, voting that takes place where there are the various necessary democratic institutions such as free speech and independent competing political parties. Thus voting, in and of itself, is meaningless in the democratic sense if it is not based on free speech and free choice. In a rather interesting way, Riker—following Dahl's example—equates democracy with the interaction of groups and oppositions in a situation of equal relative freedom where it is through an emphasis on voting that the groups and groups and oppositions make themselves felt" (Riker, 1982, p. 5). Finally, Dahl and Lindblom note that "the greater the inequality [in tabulating individual preferences], the more voting becomes like delegation" (Dahl & Lindblom, 1953/1976, p. 89).

Scheduling goals by delegation is where one party (an individual or a group) makes a choice which other parties acquiesce to only "because they expect certain rewards and deprivations for compliance" (Dahl & Lindblom, 1953/1976, p. 91).

The scheduling of goals through market choice (explained in detail in the section on capitalism) is a transaction where parties involved exchange one good for another. Assuming the exchange is free of coercive influence, it only takes place when each party receives from the transaction an object (outcome) of equal or greater subjective value than that which is traded.
Whatever method or form participation takes it is evident that participation—where it is of contributory value—must necessarily assume other characteristics of democracy.

Political Liberty/Freedom

A second characteristic of contemporary democracy is political liberty. Liberty, which is often (though naively) equated to freedom, provides much of the basis for participation. As was developed in the section on liberalism, liberty is denotatively related to liberal democracy while the notion of freedom was primarily an element of classic democracy. Tocqueville tends to use the terms interchangeably while simultaneously playing on the subtleties of difference that occurs because freedom is an element of liberalism.

Tocqueville finds the impetus for political liberalism to be more than the reactive product of a people who are poorly governed—for that kind of liberalism is but a temporary desire. In a similar vein, Rawls finds that if persons can effectively exercise their basic liberties in their initial situation, then "they will not exchange a lesser liberty for an improvement in their economic well-being, at least not once a certain level of wealth has been attained. It is only when social conditions do not allow the effective establishment of these rights that one can acknowledge their restriction" (1971, p. 542). Tocqueville also proposes that the love of liberty must be inspired by more than the prospect of the material advantages that typically accompany it, since they are not always immediately evident. Liberalism cannot be sustained by motives that at their root seek merely to enjoy the
comfort, independence and wealth that liberty brings. "It is the intrinsic attractions of freedom, its own peculiar charm—quite independently of its incidental benefits—which have seized so strong a hold on the great champions of liberty throughout history; they loved it because they loved the pleasure of being able to speak, to act, to breathe unrestrained, under the sole government of God and the laws [of nature]" (Tocqueville, 1856, p. 204).

For the purposes of this paper liberty is typically discussed relative to constitutional and legal restrictions. Under these circumstances liberty is the evolution of institutional structure, "a certain system of public rules defining rights and duties" (Rawls, 1971, p. 202). Ultimately it becomes evident that there exist many different manifestations of liberty, but the basic essence of liberty remains unchanged.

Freedom in the intended sense does not mean the ability of one to exploit the many. Rather, freedom is intended to connote the unfettered ability of the individual to achieve their own goals not at the expense of others (although this is rarely the case in the real world). Implicit in the two preceding sentences is the fact that individual liberties which are left unrestricted will "collide." Although the philosophical ramifications remain beyond the scope of this paper, there are important distinctions to be made between negative and positive freedom. Negative freedom—the absence of coercion—is a position strongly advocated by such scholars as I. Berlin and F. Hayek. Conversely, positive freedom—the "power to do what one wishes" (Gordon, 1980, p. 133) has been stridently argued by Marx (Brown, 1986,
p. 114) and others. In as much as the freedoms of many individuals must be built into a system so that they can be realized, it seems quite plausible that freedom, at least in the positive sense, could easily be corruptive. Additionally, "without some inner discipline or sense of proportion, our tendency to self-indulgence could become self-destructive" (Brown, 1986, p. 114). Ultimately it seems evident that there must be a limit on how much freedom is good—a limit that is directly related to the amount of responsibility exercised by the individual. The evaluation of one liberty must really be an evaluation of the system as a whole, since "the worth of one liberty normally depends on the specification of other liberties and this must be taken into account in framing a constitution and in legislation generally (Rawls, 1971, p. 203). In this way freedom is "intimately" related with power (Bobbio, 1976/1987b, p. 91) in that one must be free to exercise power before they can be said to have it. Hence, without freedom there is no power, and no one has any more freedom than they have power. The result of this relationship is that any standard which provides for power to be conferred on the individual must consider whether the individual is free to exercise it. For personal power to be effective the individual must be free to make choices. Liberty means the freedom to pursue ones goals. As previously expressed, liberty is necessary to organize participation in government. Without freedom the pluralism necessary for democracy would whither away. Thus, the fundamental value of liberty in democracy is "not to provide freedom as an end in itself, but to render effective both political participation and the process of choice in voting" (Riker, 1982, p. 7).
"In the liberal democratic view there is a direct connection between one's freedom and his understanding of reality" (Dahl & Lindblom, 1953/1976, p. 120). To early liberal democrats like Jefferson, access to information—the freedom to disseminate and collect it—was an element necessary to achieve individual freedom. In their view, there exists a direct relationship between how accurately individuals comprehended reality and how "efficiently" individuals could attain their goals. They further postulated that individuals realized their greatest liberty where their goals were the most efficiently attained. Although liberty, like participation, was originally perceived by only a few as an instrument to achieve democracy, it grew to become an integral part of the democratic ideal.

Political Equality

The third characteristic of democracy, political equality, is like the previous characteristics in that it originates in need as an instrument of participation. The necessity for equality in a variety of circumstances complicates establishing concise perceptions of political equality. In this setting, equality is basically "the administration of institutions as public systems of rules. In this case equality is essentially justice as regularity. It implies the impartial application and consistent interpretation of rules according to such precepts as to treat similar cases similarly (as defined by statutes and precedents)" (Rawls, 1971, p. 504). For example the voting process would be rather insignificant "if each person's vote were not counted in the same way" (Democracy, 1967, p. 339). However,
other circumstances of equality are intimately related to political equality. For example, the relative equality of the individuals' vis-a-vis the law, or their position relative to educational or economic opportunity all impacts their political equality. Indeed one of the features Tocqueville found most startling in America was the degree of social equality that he observed. "This equality of conditions Tocqueville called democracy" (Herr, 1962, p. 37) in contrast to the condition of aristocracy. Tocqueville "does not hesitate to 'deduce' political consequences from a social state (equality of condition); in other words, he deduces a political state which is given the status of a cause" (Lafort, 1988, p. 187). Ultimately Lafort interprets Tocqueville's intent to show that "there was a time when men's efforts tended to increase and strengthen the might of social power, and, now that it has reached its height, it is their task to impose limits upon it, to assert and protect the rights of private citizens, and to preserve the independence of the individual" (1988, p. 209). Though tangential, such circumstances of equality (or inequality) are critical variables in the attainment of political equality. Where inequality is extreme, it denies some individuals the opportunity for the self-control and self-realization assumed by democratic justice.

Dahl and Lindblom suggest that "the heart of the matter [of equality] is whether one wants individuals (adults) to have equal freedom .... A commitment to freedom has little meaning until this question is answered" (1953/1976, p. 46). Thus, equality is an instrument that facilitates freedom and allows the democratic polity to achieve political self-realization.
Systemic Responsiveness

The final characteristic of democracy is that of systemic responsiveness. Dahl asserts that there is a continuing responsiveness by the democratic government to the preferences of its citizens based on their political equality. He reserves the term "democracy" for a political system which contains the characteristic quality of being "completely or almost completely responsive to all its citizens" (Dahl, 1971, p. 2). Such responsiveness requires that policy-making agencies are sensitive to a whole range of pressures. However, as noted elsewhere (Elkin, 1985a, 1985b; Lindblom, 1977; Sartori, 1962), responsiveness is highly qualified and indeed tentative. At the ideal level, if policy-making agencies are not responsive democracy may be inadvertently denied when some interest affected by a decision is left out of account. In reality, inclusion is partially a function of social power.
CHAPTER V I

SYSTEMS FOR DEMOCRATIC PARTICIPATION

Democracy can exist only under particular conditions, and one of the most important conditions is that of popular participation. While participatory theory has been briefly touched upon, and will be examined in a later chapter, the thrust of this section is to review how popular interests are aggregated for action within democratic systems. There are three basic models of democratic systems which are generally recognized.

Lot System

The first is the lot system. In ancient democracies the lot was used as a means of achieving equality of opportunity where advantages of privileges could not be equally or simultaneously distributed. It should be observed though, that since public discussion is an integral part of democracy, the use of the lot system is hardly an alternative for deciding policy. More accommodating than the lot system in the cultivation of necessary public debate, is the system of direct democracy.

Direct Democracy

One of the most frequently cited examples of direct democracy--i.e., of a people governing themselves--is that of ancient Athens.
Consistent with the Athenian theoretical tempo, Rousseau equated direct democracy with the decisions of a general assembly of all citizens, not just their representatives, in a place where they could meet to discuss and make decisions. Under these particular circumstances democracy was considered a suitable institutional basis for those states whose small size permitted the gathering of all their citizens in one place. In this light Bobbio proclaims "no one doubts that perfect democracy, ideal democracy (if democracy means government by the people and not just in the name of the people) is direct democracy" (Bobbio, 1976/1987b, p. 68). However, with today's massive nation-state it is fairly obvious that because of scale, technical, and knowledge constraints, direct democracy is less than feasible (or even non-viable) method for most interest aggregation at the national level. Today, paradigms of the tools of direct democracy, such as national referendum, are still used to provide citizens with a mechanism for the expression of their personal opinions on only those issues of paramount importance. Clearly there is no disputing the value of such a method for arriving at collective decisions. It is also clearly inconceivable, though, that the referenda is applicable for the collective debate and resolution of all the issues that arise in our increasingly complex contemporary industrial societies. Although there apparently exists much agreement on what makes a small group democratic, there is simultaneously little agreement on how democracy is to be realized in mass groupings. The variability of social condition from area to individual area within a nation-state only serves to further exacerbate the problem. Unfortunately, there exist further impediments to
"perfect democracy." Almost always direct democracy has been a democracy of illusions. Frequently it amounts to little more than the ratification of the decisions of an executive whose power is based on charisma. This type of "power is far more immovable and irresistible than that of any executive of a representative body" (Bobbio, 1976/1987b, p. 69). It is interesting to note that the Marxist view of direct democracy differs substantially from this position. The Marxists tend to see direct democracy as being defined by the exercise of the constitutional device of the binding but theoretically revocable mandate. The crisis of direct democracy have stimulated Bobbio to proclaim that "democracy is difficult, but direct democracy is even more difficult" (Bobbio, 1976/1987b, p. 68). As a result of the limitations of direct popular participation in the circumstance of the nation-state, modern democratic theory has evolved toward representative forms of government. To the degree that direct democracy has "aspired to absorb state functions within society through schemes for self-administration through collective decision making, falls victim to the dialectic of modern politics. Only representative democracy, albeit in modified form, can meet this challenge" (Bobbio, 1976/1987b, p. 23).

Representative Democracy

Representative government is government by persons who have been elected by and thereby authorized by the people to govern them. The theory of representation assumes two things. First, that representatives seek the approval of the electorate (are chosen) for political
office and other positions of authority by engaging in free competition with other rivals—who may also be freely chosen. Governing this competition is a set of procedural rules based on community-wide consensus. Essentially political representation amounts to the representation of interests. Latent in the principle of representation is the possibility that individual interests may be represented by another individual with or without authorization. Depending upon the breadth of their political base, a democratic representative is normally considered responsible for looking after either the interests of their constituents, or the interests of the people as a whole. In this way the representation of the interests of particular groups of people may occur without their having had any part in choosing the representative. Combined with the representatives' attending to the needs of their constituency, they are also responsible for the justification of their actions. Where representatives are obligated to periodically submit themselves for review at re-election time, they are consequently bound to maintain the goodwill of their constituents. For "choosing and rejecting representation is ... the central act of participation by the citizens of a mass democracy, from which the effectiveness that they might have in other respects derives" (Benn & Peters, 1965, p. 339). However, representatives are more than mere agents of their constituency—in addition to representing the interests of the electorate they also have and are expected to exercise discretionary judgement to enact or pursue legislation that is in the indirect interest of the electorate. "In a well-ordered society they must, nevertheless, represent their constituents in the substantive sense:
they must seek first to pass just and effective legislation, since that is a citizen's first interest in government, and secondly, they must further their constituents' other interests insofar as these are consistent with justice" (Rawls, 1971, p. 227).

Today the representative state is widely perceived as the best (most viable while maintaining ideological consistency) democratic system even though it has not achieved a completely satisfactory ultimate goal. To be fair, it should be noted that there has been no occasion where the representative system has existed in its pure state. It has always had to deal "with the existence of an administrative state, a state which obeys a completely different political logic, based on a type of power which is descending rather than ascending, secret rather than public, conservative rather than innovative" (Bobbio, 1976/1987b, p. 82). It is precisely this adulterated state of representative democracy that is problematic to the democratic ideals. "Representative democracy, when combined with hierarchically controlled political parties and concentrated and incompetent government in a centralized state, can serve as a means to negate the wider process of pluralism and public influence and to legitimate the claim to a monopoly of political power" (Hirst, 1990, pp. 7-8). In this way representative democracy may undermine "the wider pluralism of political influence which is the social base of a genuine democracy, in the sense of power constrained by public accountability and public influence" (Hirst, 1990, p. 8).

Finally it is necessary to observe that representative democracy and non-representative democracy are by no means mutually exclusive.
In fact, although non-representative democracy can be beneficially integrated with representative democracy, it can never be used to replace it.
CHAPTER VII

PARADOXES OF DEMOCRACY

Despite its many attributes, democracy—even, or perhaps especially, in its most highly developed state—is plagued by a number of paradoxes. These paradoxes represent the kind of bifurcated processes that are present in contemporary society—processes that represent a compromise no matter which alternative is chosen. For Bobbio the state and society still represent two separate but interdependent movements within the national system, but they have become increasingly intertwined in function. This intertwining is what produces the paradoxes of democracy in the nation-state setting.14

Bobbio, for example, finds five such noteworthy paradoxes. First, is the paradox that issues from an increasing demand for more and more democracy under conditions that are increasingly antithetical to its existence. The larger the scale of the organization, the more likely that it moves away from its ethical base in direct democracy and evolves to rule with the "iron law of oligarchy" (Bobbio, 1976/1987b, p. 69). In this circumstance direct democracy is reduced to rubber stamping the decisions of the executive. The derivation of the second paradox results from the relationship between size and function. As the size of the state increases, so does the range of functions performed by the "bureaucratic apparatus." This growth process results in the growth or hierarchically organized bureaucratic structures.
Since in the Weberian tradition the bureaucratic apparatus has a descending (top-down) power structure rather than an ascending (bottom-up) power structure it is non-democratic in nature. Perhaps even more importantly, is that bureaucracy increases (and must do so) as a reciprocal of an increase in demand for democracy. Indeed, the state has no choice if it is to fulfill the demand for increased democracy (Bellamy, in Bobbio, 1976/1987b, p. 22). The third paradox issues from the effect of technological development in industrial society. Increasingly, complex technological questions require an increasingly higher level of technical expertise for solution. Hence, the temptation is to trade democracy for technocracy. The fourth paradox grows from the conflict between democracy which tends to force "a general conformism" through the repression and suppression of the individual by means of social pressure or indoctrination, and the natural trait of mass society to assumes and esteem the freedom of the individual to develop in an uninhibited manner. The final paradox is that democracy in its most successful forms has appeared with an economic system which promotes inequality. And:

while political emancipation is not a sufficient condition of human emancipation, it is nevertheless a necessary one, and that the latter can only come about via the former. Political emancipation necessitates the development, extension and strengthening of all the institutions which gave birth to modern democracy, and can derive no benefit what-so-ever if they are suspended, even for a moment. (Bobbio, 1976/1987b, p. 84)

With the general groundwork of democracy established and its accompanying paradoxes noted, it becomes evident that democracy even without the strains imposed by an accompanying economic system is of a
tenuous nature. In particular, three issues (participation, pluralism, and polyarchy) that warrant further investigation emerge from the multifarious requisites of democracy. The first and second issues of participation and pluralism respectively, devolve as questions of degree. The third issue concerns the degree to which the democratic ideal can be approximated—the significance and scope of polyarchy—is essentially a clarification of the delineation between democratic ideal and method.
1. See section on delineations of ideal and method for a more
detailed discussion.

2. See the later discussion of monism and pluralism for additional
discourse on faction.

3. The use of "city-state" to denote small-scale democracy is done
in the euphemistic sense—certain Roman Republics, medieval Italian
cities, early New England towns, Scottish burghs, and Swiss Cantons are
all examples of small-scale democracy.

4. This is a qualified position, see among others: Schumacher
(1973) and Dahl (1982, 1987) for general economic and political
rebuttal that requires the qualification of this position.

5. Dahl (1982, pp. 12-16) reviews this argument more fully; also see
Schumacher (1973, especially pp. 57-68) where he offers a much more
complete analysis of the merit and contemporary trends of democracy on
a scale smaller than the nation-state.

6. This is also known as the notion of workable competition.

7. The "principle of participation" transfers the notion of justice
as fairness—the idea that principles held in common are both necessary
and advantageous to everyone and that these principles must be designed
from a situation of initial equality where each person is represented
fairly—to the constitution; assuming, of course, that constitutional
democracy is actually capable of satisfying the principle of partici-
pation (Rawls, 1971, pp. 221-2).

8. As cited in Bennett and Bennett (1975), Weiner (1971) would also
include violent or "antisystemic" actions such as riots, assassination,
and armed insurrection.

9. McClosky (1968) and Weiner (1971) require that political activity
be voluntary; thus excluding such activities as tax paying and military
conscription on the grounds that involuntary activities are not
indicative of the opinions of the polity. For a much more detailed
discussion of the meaning of participation and the work of McClosky and
Weiner, see Bennett and Bennett (1975, pp. 158ff).

10. Thus the general description of liberty would run something like:
"this or that person (or persons) is free (or not free) from
this or that constraint (or set of constraints) to do (or not to do) so
and so" (Rawls, 1971, p. 202).
11. Dahl and Lindblom (1953/1976, p. 46) conclude that there is no such thing as general equality—thus necessitating a distinction of circumstance.


13. Although Bobbio is a "socialist," this distinction is essentially the distinction between democracy in the Western sense and that of Eastern socialists. Lindblom also (1977, p. 261) is among the many others who note this distinction in usage. This distinction is also a favorite with those who subscribe to the participatory theories of democracy when they criticize those who believe in more limited participation see for example Pateman (1970).

14. This relationship also produces paradoxes for the individual citizen's behavior. Bobbio (1985/1989, pp. 41-2) sums up this issue with alacrity when he notes that:

These two processes [that of "state" and that of "civil society"] are represented by the two aspects of citizenship, that of the citizen qua participant and that of the citizen qua state protected subject, which often conflict with each other within the same person. For through participation the active citizen calls for greater protection from the state and thereby reinforces the very state which he or she wishes to control.
PART II

THEORIES IN DEMOCRACY

No longer is democratic theory centered on the participation of 'the people', on the participation of the ordinary man, or the prime virtue of a democratic political system seen as the development of politically relevant and necessary qualities in the ordinary individual; in the contemporary theory of democracy it is the participation of the minority elite that is crucial and the non-participation of the apathetic, ordinary man lacking in the feeling of political efficacy, that is regarded as the main bulwark against instability. (Pateman, 1970, p. 104)

Pluralism exists in a society to the extent that there exist a number of different organizations through which control is exerted and over which no unified body of leaders exerts control. (Dahl & Lindblom, 1953/1976, p. 302)

The complex social process we call polyarchy—the real-world approximation of democracy. (Dahl & Lindblom, 1953/1976, p. 43)

The theory of polyarchy, an inadequate, incomplete, primitive ordering of the common store of knowledge about democracy, is formulated in the conviction that somewhere between chaos and tautology we shall be able sometime to construct a satisfactory theory about political equality. (Dahl, 1956, p. 84)
Contemporary participatory theory in Western democracies derives essentially from the bifurcation of traditional democratic theory. Given the commonality of background, the two schools exist not as opposites, but rather as philosophies of degree. It is understood that the schools, hereafter referred to as revisionist and participationist, also share a common belief in the desirability of democracy per se. The primary issue that brings them into conflict is whether democracy is augmented or impaired by an increase in popular participation. A secondary issue develops over the relative value and applicability of normative versus empirical theory.

The fervor over the implications for democracy of high rates of participation or apathy (Berelson, Lazarsfeld, & McPhee, 1954; Dahl, 1966; Lipset, 1959/1981; Walker, 1966) is more than three decades old, but its salience has not diminished with time. In fact, today the gravity of the implications of the participation issue have stimulated previously complacent mainstream scholars to move and speak-out in a progressively more radical manner. At the same time democratic society at large has become more complacent and more conservative.

In the dispute between the revisionist and the participationist positions, it is not the accumulated empirical evidence (upon which revisionism relies heavily) that is in contention; rather, it is the
interpretation drawn from that evidence that is contentious. The crux of the democratic debate over participation lies in the interpretation of the evidence. "These interpretations rest ... on the respective views of the nature of man and politics" (Keim, 1975, p. 7).

The trend which developed in democracy emphasized equal and direct participation not merely for the purpose of self-protection (as with the revisionist theory) or even self-advancement. The motive stems from the Radical or Rousseauist tradition (Pateman, 1970, pp. 22ff) which asserts that only in doing so, can the individual be an autonomous human being (See also Bachrach, 1967, 1975, p. 39).

Today the revisionist position has supplanted the traditional position to the point that "the widely accepted theory of democracy (so widely accepted that one might call it the orthodox doctrine) is one in which the concept of participation has only a most minimal role" (Pateman, 1970, p. 1). Keim (1990, p. 3) speaks for many when he calls "democratic revisionism ... the new democratic orthodoxy." However correct Pateman's critical assessment of the prevailing orthodoxy is, it tends to excessively diminish through ambiguity the actual role of participation in the revisionist scheme. The revisionist position maintains that the ordinary citizen must have an opportunity to participate in political activity for those occasions when he is strongly opinionated about some matter. By maintaining this reserve of influence, the governing body is forced to act in accordance with, and be responsive to, the interests and desires of the demos. This system is portrayed as being better than that of widespread participation because the business of government is left in the hands of a highly
capable albeit small portion of the populace who are still beholden to the final control of the demos.

Notions of participatory democracy often conjure images of small communities holding town-meetings to decide community wide decisions. There is a sense of the community being directly involved in the decision-making process that will affect it. In a narrow sense "participatory democracy connotes decentralization of power for direct involvement of amateurs in authoritative decision-making" (Cook & Morgan, 1971, p. 4).

Thematic Positions

Revisionists

Schumpeter

The term "revisionist" is used in reference to the work of Schumpeter to denote a perspective that does not subscribe to various aspects of the "classical theory of democracy" and seeks to revise or alter these aspects as necessary to achieve a more reasonable or realistic theory of democracy in the modern state. The work of Schumpeter in this area is considered of profound significance in democratic theory because he essentially effected an alteration in the direction of democracy theory.

Schumpeter asserted that the "classical theory of democracy" was based on a number of assumptions that were both unrealistic and unreasonable. Perhaps missing the mark slightly, Bachrach (1967, p. 18) asserts that Schumpeter leveled his "main attack" against the
ideological concept of democracy—that democracy is comprised of both means and ends. Rather Schumpeter asserted that the separation of ideal and method was "the starting point of any attempt at defining it [democracy]" (1942/1976, p. 242). Indeed, Schumpeter did wish to separate ideal from method (as Dahl and Lindblom later did with the distinction of polyarchy and democracy). The function of democracy is separated from being an ideal or end in itself. In this context "democracy is a political method, that is to say, a certain type of institutional arrangement for arriving at political—legislative and administrative—decisions and hence being incapable of being an end itself" (Schumpeter, 1942/1976, p. 242). Second, Schumpeter showed that the collective notions of "common good" and "the will of the people" are myths. These notions cannot exist because the citizens of a community face "irreducible differences of ultimate values which compromise would only maim and degrade" (Schumpeter, 1942/1976, p. 251). Next, he sought to debunk the notion "that 'the people' hold a definite and rational opinion about every individual question and that they give effect to this opinion—in democracy—by choosing 'representatives' who will see to it that opinion is carried out" (Schumpeter, 1942/1976, p. 269). Finally, as an alternative to the prevailing notion of government by the people, he proposed to substitute government elected or approved by the people from among competing elites. Hence for Schumpeter the democratic method was defined as "that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the peoples vote" (1942/1976, p. 269).
Dahl

The work of Dahl, "whose influence ranks with that of Schumpeter" (Graham, 1986, p. 127), takes a rather different route, but comes to a similar conclusion. Today "the writings of Robert Dahl constitute the locus classicus of democratic revisionism" (Keim, 1975, p. 3).

The issue first breached by Schumpeter which seeks to explain—and subsequently to justify—the limited political activity of the average citizen is crucial to the revisionist position. Dahl also pursues this issue, although he undertakes a much more strenuous exploration into the matter than Schumpeter did. Initially Dahl separates civic man ("homo civicus") from political man ("homo politicus") finding that "homo civicus is not by nature, a political animal" (Dahl, 1961, p. 225). And as to those few individuals who are politically minded "not much can be said with confidence about the factors which shape homo politicus out of the apolitical clay of homo civicus" (Dahl, 1961, p. 225). Dahl later concludes (1963, pp. 59-60) that "obviously man is not instinctively a political animal" and additionally, "man is not by instinct a reasonable, reasoning civic-minded being." Rather, man is driven by basic biological and physiological motives that define his behavior even on those rare occasions that he is forced (because of last resort) to step into the political arena. According to this view, political involvement is undertaken only by necessity, and only to achieve instinctual gratification ("reward") of primordial needs. Once the goal inspiring political involvement has been attained, Dahl's citizen returns to the civic
arena. Dahl, with substantial reservations, recognizes some of the force of Schumpeter's argument which is itself built upon the work of such thinkers as G. Mosca and R. Michels.

**Participationists**

**Pateman**

Pateman contends that Schumpeter and the revisionist position have misinterpreted the intent of the "classical" theorists on the topic of participation. She reinterprets most notably the works of Rousseau and J.S. Mill to establish a case for the legitimacy of widespread popular participation.

For Pateman "the theory of participatory democracy is built round [sic] the central assertion that individuals and their institutions cannot be considered in isolation from one another" (Pateman, 1970, p. 42). The contemporary limitation of democratic participation to essentially just a choice of leadership is not democratic. Hence the reliance on representative institutions, even at the national level, is "not sufficient for democracy." In contradistinction to the revisionist interpretation of the empirical findings on participation rates, Pateman asserts that if society seeks the responsible participation of individuals at the national level, then individuals must be given "social training" in other areas so that "the necessary individual attitudes and psychological qualities can be developed" (Pateman, 1970, p. 42). It is through the process of participation itself that the
individual receives the social training leading to development of the democratic man.

The ability to make participation viable beyond the level of representation, is dependent upon the democratization of industrial authority. This is to be achieved by not only consulting the worker, but by placing them at the policy-making level.

Bachrach

Bachrach asserts that "democratic theory, especially classical democratic theory, conceives the public interest in terms of both results and process" (1967, p. 3). In doing so, revisionism has contributed to a widespread feeling of powerlessness by revising democratic theory to exclude any stress upon the value of political involvement as a method of achieving command over one's life.

Bachrach is fully cognizant of the implications of scale and complexity in contemporary government, and he is willing to acquiesce "that major policies will be made by a relatively small number of activists and experts" (1967, p. 95). Despite the impossibility of realizing true government by the people, Bachrach believes that it is still possible to have widespread public participation. By extending the scope of the political realm to cover "private governments," such as corporations, labor unions then popular participation (and control) could be extended to a much greater percentage of society (1967, p. 6).
Themes of Participation

Schumpeter and Dahl both engage the issue of participation by juxtaposing the empirical data on the contemporary political behavior of the demos with the presumed requisites of classical theory. From this exercise, they conclude that the expectations of classical democratic theory vis-a-vis participation is un-realistic or undesirable and must be revised to reflect contemporary conditions.

The foundation of the revisionist school devolves largely from the work of Schumpeter, with Dahl developing and extending the position. Revisionists characteristically assert that widespread participation in the creation of public policy is not a requisite of democracy. This contention is based on empirical studies that purportedly show that the majority of citizens in contemporary democracies are politically apathetic, ignorant, and inactive. Worse yet, charge the participationists, the revisionists' attitudes and beliefs toward dissent and contrary opinion make them basically opposed to democracy. On the other hand the existence of an elite group which is politically concerned, active, and tolerant cannot be overlooked. Assuming the substantive veracity of this elite group model, the revisionists believe that the tenets of classical democracy should be modified to reflect the realities of contemporary democracy under the leadership of a representative elite.

The participationists rally around essentially two points. First, they contend that widespread popular participation (especially as opposed to elite participation) is both necessary and desirable for
the existence of democracy. Second, is the contention that low levels of political interest and political participation are the result of political structures and processes which have neither the incentive nor the capacity to provide adequate opportunity for participation. In this sense the participationists are critical of contemporary society which they find to be too loosely based on the theory of representative government and biased against popular participation.

Visions of Classical Theory

In the most simplistic way, democracy in the traditional (and classical) Western sense means rule by the people. "In its origin ... 'democracy' meant what we know as 'direct democracy'" (Pennock, 1975a, p. xiii). When democracy is taken to mean rule by the people, it carries within it at least some sense of the implication that the citizens should play an active role in the governing process (Sartori, 1962, p. 90). "To have democracy we must have, to some degree, a government of the people; but we also know that if there is a government, it has to be a government over the people" (Sartori, 1962, p. 73). Within this context, the people must take part in the activity of ruling—to participate in, as it were, the activity of ruling least the role of governing be entirely forsaken for the role of governed. Thus, "at the heart of traditional democracy theory is the vision of the average citizen participating actively in government, at least in the process of setting its policies, but this vision is nowhere fulfilled in any of the Western democracies" (Smith, 1975, p. 127; see also Berelson et al., 1954, pp. 307-12).
Classical Theory and the Revisionist Vision

The revisionists generally attribute to classical theory the requirements that the "citizens of a democracy polity to be politically interested, informed, and active" (Osbun, 1985, p. 11). Moreover, this "citizen political behavior was to be rationally motivated, that is, action was to be consistent with well informed and well considered opinions on public issues (Osbun, 1985, p. 11). On these grounds the revisionists assert that the role of the average individual has warranted a revision of the classical theory of democracy. The individual is found to be uninterested and incapable of actively participating in government and is therefore presumed to benefit from delegating their interests to elected representatives who compete for office. For the revisionists classical theory has failed to correctly assess citizen interest and capability, which has led to expectations of popular participation that are unrealistic. Classical theory is also often perceived to require the direct participation of the demos in the making of public policy decisions—something clearly not viable on the scale of the nation-state. Additionally, participation cannot be required of the otherwise inert masses least freedom be diverted. Hence for the revisionists, the unrealistic expectation of participation in classical theory of democracy is replaced with an expectation geared more to reality—where participation is largely reduced to the election of representation and the selection of alternate sets of competing leaders. The revisionist embrace of the limitation of popular participation is based on the belief that the stability (and
perhaps even durability) of the system will be strengthened by restricting public policy decisions to those most qualified while simultaneously allowing the average citizen to feel that they are still involved in the public political process. "The involvement of individuals in politics through group association gives most citizens a stake in the society and helps to generate the loyalties needed to maintain a stable regime with a minimum of coercion" (Connolly, 1969, p. 4). To this end, revisionists propose that the emphasis of classical democracy should be reversed to place attach significance to the selection of leaders through open and competitive elections, while the deciding of public issues by the electorate is relegated to a secondary position of significance.

Interestingly the revisionist position appears to have achieved a notable internal consensus on what classical democratic theory required from its citizens; although there is no precise indication of which classical theory or theorists have been cited (Pateman, 1970, p. 17; Walker, 1966, p. 285).

Finally the revisionists assert that the fulfillment of the ideals of classical democracy theory vis-a-vis participation are unnecessary is illustrated in the very fact that contemporary democracy works, and works fairly well (Berelson et al., 1954, p. 312; Dahl, 1956, pp. 150-1; Milbrath, 1965, p. 143) without fulfilling the ideal specifications of widespread popular participation. Since democracy appears viable without fulfilling the classical requisite of popular participation, the revisionists conclude that the contemporary conception of democracy, which posits primary emphasis on the vesting of
political decision-making power with the electorate and only secondarily chooses representatives to carry out the "opinions" of the people, need not remain bound with traditional conceptions of popular participation (Schumpeter, 1942/1976, p. 269). Thus, in the revisionists' view, "the role of the people is to produce a government" (Schumpeter, 1942/1976, p. 229). And the democratic method becomes "that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote" (Schumpeter, 1942/1976, p. 269).

Classical Theory and the Participationists' Vision

There is the perception within the participatory fold that the prescriptions of classical democratic theory are both reasonable and recognizable in contemporary democracy. Their interpretation of classical democracy leads them to believe that democracy requires the widespread participation by the average citizen in the public policy-making process. Instead of proposing "revision" of the notion of the requirements of participation contained with classical democracy—as per the revisionists—they advocate that revision occur in the political structures and processes so that widespread and informed citizen participation will be encouraged. As an added bonus, participation will contribute to an increase in the quality of life because of the opportunities afforded in human development.

The participationists, on the other hand, assert that any lack of interest or ability is the result of systemic failings. They allege that better education of the demos coupled with the invaluable experi-
ence of first hand participation will enable the demos to fulfill their traditional role. For the participationists the role of the individual is directly at odds with the prevailing system of competitive representation.

In participatory theory, the failing of traditional democratic theories emanates from the lack of provision of mechanisms which provide for participatory behavior in the contemporary setting. The fact that citizens are disinterested or uninformed of public policy issues derives from the lack of developing and instituting an effective means of transmitting information. These deficiencies can be alleviated through the provision of better, more open, structures—education, communications, and self-representation—on which participation is built upon.

The Purpose of Participation

Among political theorists it is seldom disputed that political participation is included as a necessary but not sufficient feature of democracy, and possibly even a tenet of democracy. However, this seemingly innocuous assertion opens way to a rather heated debate over whether participation is essential to democracy or essential only to its justification. The issue of participation revolves around what place (function) it is to assume in any viable contemporary theory of democracy (Pateman, 1970, p. 1; Keim, 1975, p. 1). "A major obstacle to any rational discussion of participation is the ambiguity the subject matter breeds. To some, participation means choosing leaders; to others, it means actually deciding policy" (Keim, 1975, p. 2).
Developing tangentially with the question of function is the vexing question of whether traditionally prescribed levels of participation are still necessary, desirable, or even compatible in the contemporary context of democracy.

The revisionist position has drawn considerable criticism for its embrace of the participatory apathy of the demos. In the first place, the revisionists are accused of intentionally contributing to political stasis. This claim is made on the grounds that their perspective of participation is a justification and safeguard of the existent political status quo; and, that they intentionally discourage review of the merits of widespread participation relative to citizen apathy through the suppression of inarticulate and unfulfilled desires or interests. Next, the critics of revisionism assert that revisionism is too narrow in its pursuit of political arrangements which are efficient and stable; that is, the revisionist outlook is criticized as being unrealistically utilitarian in orientation. The revisionists are found to largely ignore the normative considerations of justice and human development. "Moral development, so it is argued, requires that a man look beyond his private interests and have some vision of the common good; and it is held that participation in some level of government is indispensable to this process" (Smith, 1975, p. 127). Additionally, participation in government is thought to promote the self-esteem of citizens, help them to safeguard their interests, and to help them develop interests and abilities previously not known. It is this narrowness of perspective that prompts Keim to conclude that the revisionists goal of participation centers on "the limited protection of
interests, defined primarily in terms of the gratifications of one's private life" (1975, p. 7).

In revisionist theory, the representation of interests is the primary function of participation. Given Dahl's view that man is a "creature of imperious desires" who must occasionally resort to political means to gratify his biological and physiological needs, the purpose of political participation is to maximize these interests. In this utilitarian scheme, all political actors whether individuals or groups of individuals are seen as utility seekers. Keim (1975) thus finds the function of participation to operate for revisionists as a "self-protection" mechanism. Hence a crucial ingredient in the contemporary American democratic political system is a process whereby "all active and legitimate groups in the population can make themselves heard at some crucial stage in the process of decision" (Dahl, 1956, p. 137).

Utilitarian Perspectives

Mayo (1960) has suggested that in the adherence to Schumpeter's lead, contemporary (revisionist) theory holds that "democracy has no overriding purpose to promote. By excluding the infinite and intangible normative values democracy becomes a "method for choosing leaders or rulers" (Mayo, 1962, p. 557) and thus much more accessible to scientific definition and similar economic concepts.

Bachrach (1967, p. 22) asserts that contemporary democratic theorists are receptive to Schumpeter's view of democracy because they desire an "end of ideology" so that they can confine democracy "to
reaching decisions on concrete issues while at the same time keeping
the future open [for further revision]."

Bachrach maintains that without Schumpeter making the distinction
of ideal and method "it is doubtful that elitism and democracy could
have developed as they have into a congenial and close relationship"
(1967, p. 19).

**Normative Perspectives**

Keim (1975) finds there to be several distinct orientations of
participatory theory. The first type of participationism finds its
basis in terms of "self-rule" and is exemplified by the work of
Bachrach and Pateman. While the second type is characterized by two
versions of "self-realization." The versions of self-realization are
only briefly described for reference, as their proximity to Marxist
(socialist) ideology and generally unsubstantiated ideological premises
are beyond the limited scope of this paper.

**The Role of the Individual**

In contemporary Western democracies it is commonplace to have
highly limited citizen participation in the process of government
(especially if what constitutes participation is not broadly defined).
On the average, citizens have virtually no influence in national
affairs and they have little more influence in setting the politics of
state and local governments to which they are subject—despite having
greater access and opportunity.
The revisionists hold a rather nominal position for the individual. For example, the individual is not expected to be constantly engaged in political activity; rather, homo civicus is expected to mobilize his resources of influence and enter to political arena only when he is motivated to do so. Contained within this vision is the notion that homo civicus possesses a store of potential influence that can be used to pressure political activists anytime their performance becomes unsatisfactory. The system's key mechanism for popular control over political leaders is the threat of potential influence. Simultaneously, the use of potential power/influence also indicates the degree of salience individual issues hold among the public at large—where inertia signifies contentment and involvement signifies discontent. The notion of potential power is based on the assumption that politics is an instrumental activity; that is, "homo civicus will participate if and only if politics will serve him as a means of achieving goals otherwise unobtainable by more direct means" (Keim, 1975, p. 6).

Revisionism has shown that direct involvement by the polity in the decision-making is not a necessary element in democratic theory. Rather, in revisionist theory it is the task of the citizen to assess the performance of the regime and to register preferences about regime policy. In general, these tasks are accomplished by an indirect method where representatives actually make decisions and citizens judge them after the fact.

In a rather Millsian way, participationists hold that the traditional democratic theory found widespread participation desirable as a prerequisite for the improvement of mankind. Considerations of
efficiency and stability—while desirable—are not the paramount consideration in democracy. Thus, the contention by revisionists of the prima facia desirability of certain results of citizen apathy—e.g., stability and efficiency—is hardly contested by participationists. Rather, they counter that social justice and the self-realization of the citizenry is more intrinsically desirable than the utilitarian concerns of stability and efficiency. Their position is particularly weak in that they have not been able to prove, other than in small scale examples,\(^6\) that such benefits might accrue as the result of widespread participation.

Levels of Participation

The revisionists' position on the role of intense popular participation in the public decisions of the democratic state is that it is neither necessary nor desirable for democracy. Some proponents of revisionism have argued that widespread popular participation poses a significant threat to the stability of modern democratic systems (Milbrath, 1965). Democracy, it is claimed, would be affected by widespread participation to the point that it "would be rendered so inefficient, powerless, or unstable that it could not carry out its ordinary and necessary functions, or could not carry them out well" (Smith, 1975, p. 131). The revisionists' angst of the participationists' position is largely due to what they see as the unbridled expansion of politics into private social areas of democratic life. "A permeation of politics into all aspects of life is antithetical to the basic principle of limited government in a constitutional democracy"
(Milbrath, 1965, p. 147). The original revisionist perspective that "high participation levels would actually be detrimental to society if they tended to politicize a large percentage of social relationships" (Milbrath, 1965, p. 153) has with considerable qualification moderated significantly of late (see among others Dahl, 1984, 1985).

Apathy

A number of political theorists, beginning with Schumpeter, have accepted and embraced, the inactivity of the demos as an asset rather than treated it as a liability. Their position—here labeled revisionist—is based on the premise that widespread participation would occur at the detriment of the democratic process:

Decision making would be unwieldy and inefficient because of the number to be heeded and persuaded; since most citizens lack the specialized knowledge needed to govern competently, the decisions reached would frequently be defective; political passions would run high, thus hampering government and perhaps rendering it unstable; and, finally, much time would be lost in political activity that could better be spent in other ways. (Smith, 1975, p. 127)

Education

Both revisionists and participationists subscribe to the notion that individuals should receive some kind of training in democratic process (Pateman, 1970, p. 45). However, where the revisionists are skeptical and leery, the participationists are much more articulate and speculative about what level such training should occur.

Much of the participatory argument revolves around the notion of educating of the demos so that they can develop the skills is
essential to democracy. Based on her contentions about the role of education in the work of Rousseau and J.S. Mill\(^7\) "the major function of participation in the theory of participatory democracy is ... an educative one, educative in the very widest sense, including both the psychological aspect and the gaining of practice in democratic skills and procedures" (Pateman, 1970, p. 42).

For Pateman (1970) the locus of this educational experience is to be the work-place ("industry"). "Industry occupies a vitally important place in the theory of participatory democracy, that is sufficient to establish the validity, or otherwise of the notion of a participatory society" (Pateman, 1970, p. 108). For Gutman (1987) the work-place should be supplanted by the schools as the most important training ground for democracy. By Gutman's assessment, schools are most desirable because they begin to shape the individual very early in life and are impactive on a much broader spectrum than other available alternatives. More importantly she asserts, people who are educated in democratic values and procedures are more apt to participate and have a greater chance of benefitting from democracy in the work place.\(^8\)

**Community**

Barber (1984) proposes participatory democracy at the community level (as opposed to the education or work-place level). It is his proposal to create a community of self-governing citizens who are more bound together by civic education than mere homogeneous interest. His envisioned community is "made capable of common purpose and mutual action by virtue of the civic attitudes and participatory institutions

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rather than their altruism of their good nature" (Barber, 1984, p. 117).

Work-Place

Dahl (1984, 1985) is deeply troubled by the low quality and quantity of participation. Faced with the specter of "industrial democracy," he has moved with qualification to consider participation in the work-place—that is, work-place democracy. His position is based on objections to property rights and the inefficiencies of industrial democracy, and although he is aware of multiple pitfalls of work-place democracy—just one of which is inefficiency—he suggests that perhaps the benefits will offset the losses. Ultimately, Dahl perceives the issue to be a question of whether rights to freedom and equality or right to property and the pursuit of wealth are to be granted primacy. If the former is to be achieved, the qualified resort to the economic arena—in this case the work-place—would appear to at least partially offer the means. While the latter option is what our current system offers.

The participationists claim that the revisionists view of participation limits popular participation to a choice between alternate sets of leaders. They are critical of this stance primarily from two perspectives: First, freedom or free choice is not possible given the current structure of society and; second, the fulfillment of human development potential is blocked by the lack of freedom/free choice.
The participationists contend that the limited participation offered by the revisionists is "more symbolic than substantive" (Osbun, 1985, p. vi) and is perceived as merely being a way to disarm and manipulate the polity to insure the continuity of existing political and social systems which in fact posits policy-making decisions with a political elite. Thus the revisionists' solution to the issue of participation is deemed as constituting "a denial of the human right to self-determination" (Osbun, 1985, p. vii).

Conversely, Milbrath (1965, p. 142) suggests that it is simply common folklore that makes Americans believe that decisions made by all the people are "better" than decisions made by only some of the people. The average American operates under the premise that "when only part of the people participate, the government is likely to be directed so as to violate the interests of the nonparticipators" (Milbrath, 1965, p. 142). Accumulated empirical evidence indicates, Milbrath continues, that "despite the low level of political interest and activity, democratic governments continue to flourish and provide reasonably satisfactory governance for the citizens" (1965, p. 143; see also Berelson et al., 1954, p. 312; Dahl, 1956, pp. 150-1).

Ultimately, there is nothing to suggest that participation in government will yield the attainment of individual interests. "Participation in government is neither necessary nor sufficient for being able to secure one's interests, although it is often a useful tool for so doing" (Smith, 1975, p. 130). It has been suggested that widespread participation at a level more significant than voting would in all likelihood reduce the utility of participation to the point
where it is reasonable to suspect that no one's interests would be adequately met (Smith, 1975, p. 130). The revisionist position which finds danger as the result of widespread participation in government, emerges largely unscathed by the participationists' criticism—not because of the strength of their position, but because the participationists have yet to provide evidence to support their position. As it stands now the participationists position is little more than wistful speculation and supposition. Conversely, participationists do have a legitimate stake in the claim that the revisionists' assessment of the ramifications of widespread participation remains rather dubious. Pateman would also counter that the revisionists do not have a unique grasp of systemic stability. "There is no special problem about the stability of a participatory system; it is self-sustaining through the educative impact of the participatory process. Participation develops and fosters the very qualities necessary for it" (Pateman, 1970, p. 43). In fact the "subsidiary hypotheses" that participation has an integrative effect and that it promotes the acceptance of collective decisions is at least as germane to the participationist position as it is to the revisionist position.

It is difficult "to deny that more political participation may both be entirely possible and highly desirable" (Pennock, 1975a, p. xvii). Unfortunately the participatory theory seems to contain within itself a number of contradictions which render it impotent. As Pennock (1975a, p. xvii) points out: "most principles carried to their logical conclusions encounter difficulties, and this one [participationism] is no exception." The salient caveat though, is how far a principle may
be carried before it encounters the difficulties that render it impotent. In the end the revisionist position reigns, not so much because of its positive contributions, but by its more limited contradictions. By building from this more viable foundation, participationists may find slower realization, but in return they may sidestep many of their irretrievable contradictions and progress beyond their struggle to achieve a community of active equals.
CHAPTER IX

PLURALIST THEORY

"Pluralism has long provided the dominant description and ideal of American politics" (Connolly, 1969, p. 3). In the descriptive sense it portrays the overlapping balance of power among the various economic, religious, ethnic, and geographical groupings who all have a "voice in the shaping of socially binding decisions" (Connolly, 1969, p. 3). Pluralism in the ideal sense is desirable not so much because of any specialized function it performs, but rather because of its general function it is perceived as the most effective mechanism for promoting worthy public and private ends.

The participatory involvement of the individual in group activity "enables him to develop the language, deliberative powers, and sense of purpose which make up a fully developed personality" (Connolly, 1969, p. 4). Furthermore, should a path of interest be blocked by some government or social entity, the variety of groups open and available to the individual serves to promote a diversity of experience and interests which enables them to make contact with alternative centers of power.

As previously noted by Connolly (1969), social stability is enhanced by the low level participation of the demos which develops feelings of "stake" and loyalty. Long-term stability is further promoted because the distribution (balance) of power among the various...
groups in society tends to be reflected in the public policy outcomes, while at the same time the system is still open to innovation and change. New groups—created as the result of some political, economic, or social change—can express new opinions and interests which are gradually assimilated in the balancing process to become one of the standing variables which shape future political conflict and issue resolution.

Pluralist theory is based on the notion that "no single group can control the shifting sentiments and forces which emerge in times of stress" (Connolly, 1969, p. 29) but at the same time the input of individuals and groups can effect systemic change (See especially Dahl, 1956, p. 145; 1967, p. 38).

Democratic pluralism is predicated on two major assumptions. First it assumes "that most men acquire firmly identifiable political interests in their social organizational involvement, and that their expectations, as well as their fulfillments and frustrations, are transferable from the social to the political realm" (Bachrach, 1975, p. 41). The second assumption follows the work of Dahl (especially 1956) and many others, and devolves from the premise "that the American political system is essentially an open one—that political demands, spearheaded by legitimate groups, are convertible into issues that are seriously considered in an appropriate decision-making arena" (Bachrach, 1975, p. 45).

Within contemporary pluralist theory Connolly (1969, p. 8) distinguishes two broad "types" of pluralist interpretations. The first type is most prevalent among political theorists and views government
as being the arena where major group conflicts are both debated and resolved. While the second type is more prevalent among economists and sociologists and views major social associations such as organized labor and big business as being involved in a balancing process which takes place primarily outside the realm of government, with government acting less as a participant and more as an umpire.

The emphasis of this section will be on the arena version of pluralism. In particular Dahl's work is credited as being "the most precise and persuasive interpretation" (Connolly, 1969, p. 9) of this version of pluralism. In this context Dahl originally finds that government is "the" crucial forum for any study of power; to wit:

Government is the most crucial organization. ... Government is crucial because its controls are relatively powerful. In a wide variety of situations, in a contest between governmental controls and other controls, the governmental controls will probably prove more decisive than competing controls. ... It is reasonable to assume that in a wide variety of situations whoever controls governmental decisions will have significantly greater control over policy than individuals who do not control governmental decisions. (Dahl, 1956, pp. 48-49)

In the 1976 preface to Politics Economics and Welfare, Dahl (with Lindblom) revises his position on the relationship of government vis-a-vis the study of social power. Dahl's new conclusion is that in 1953, he and Lindblom had underestimated the formative influence of the great corporations upon government. This preponderance of influence has significantly affected the autonomy of government in the application of power.

The theory of democratic pluralism represents a radical break with classical monistic democratic ideal. It is the notion of plu-
ralism as a desirable aspect of democracy that breaks with classical democratic ideals. Although Rousseau recognized that pluralism in democracy was perhaps inherent and perhaps unavoidable, he was suspicious of it and considered it quite undesirable. From classical Athens to Rousseau "the prevalent view that citizens body should be fairly homogenous in race, ethnicity, religion, language, status, wealth, and knowledge" (Dahl, 1986, p. 235). For more than two millennia the monist view of democratic theory found the notion of conflicting interests anathema. Diversity and group identity was to be avoided least it subvert or destroy the demos perception of having common interests and goals. Thus diversity—with the notion that subgroups might pursue their own special interests—was beseeched in pursuit of the ideal of a common good.

Whereas pluralism can and does occur in every system—it can occur with vigor and proliferation only in those systems that are reasonably proficient at fulfilling the conditions of polyarchy (Dahl, 1956, p. 84). Ultimately Dahl finds that all democratic countries are pluralist democracies because in all democratic countries at least some important organizations are relatively autonomous. Indeed, circuitous as it may seem, a country cannot be democratic without a minimum degree of pluralism. Thus, "a country is a pluralist democracy if a) it is a democracy in the sense of polyarchy and b) important organizations are relatively autonomous" (Dahl, 1982, p. 5).

To appease Hirst and those of his ken, political pluralism as discussed in this paper is primarily of the American variety—drawing heavily from the work of R.A. Dahl—and as such is somewhat removed
from English (Hirst, 1990, p. 10) or European political pluralism. The former variety generally refers to "a system of multiple, competing interest groups which, through bargaining and compromise, contribute to the shape of public policy. Power, while not equally distributed, depends more on commitment and organizing skill, rather than social position or economic influence" (Zeigler, 1990, p. 40). Additionally American pluralism rests more on access while pluralism in the latter sense is more ideologically sterile. Pluralism in the European sense is more a reference to the political process pertaining to the organization of interest groups, their attempts to influence, and their ability to survive or die "largely without the participation or concern or government bureaucracies" (Zeigler, 1990, p. 40). Thus, unless otherwise qualified, pluralism as discussed for the duration of this paper is intentionally oriented toward the American variety.

At the most ecumenical level the theory of "pluralism"—whether political, economic, or social—is based on the existence and operation of a diversity of organizations within the boundaries of a particular nation-state. Integral to the notion of organizational activity is that they have some degree of autonomy with respect to each other, and with respect to the government of the state. "Pluralism is best understood as the belief that advanced industrial democracies, especially the U.S., generate a system of multiple, competing elites (including interest groups) which determine public policy through bargaining and compromise" (Zeigler, 1990, p. 41). Pluralism is borne of the actuality of large-scale democracy, and a fundamental tendency in political life—that is, the natural gravitation of individuals and
groups of individuals to struggle to gain relative autonomy from control by others. Such "struggles for autonomy result from conflicts and cleavages; when these struggles are successful, as they often are, they result in turn in tendencies toward pluralism" (Dahl, 1986, p. 244). At its root, the concept of pluralism is generic. Of significance is the recognition that there are varieties of pluralism that develop as a result of, and are hence related to, specific circumstance. Although it is not the intent of this paper to pursue pluralism very far beyond the borders of the U.S., it is worth while to note that the term is no longer limited to Western democratic theory. What makes the pluralism of Western democracies discernable from that of other regimes is the degree to which pluralism is prevalent. For the purposes of this discussion non-qualified pluralism is by default a reference is to political pluralism—its frequently attendant implications of social and occasionally economic pluralism are only secondary considerations.

In keeping with the dichotomous nature of most political theory, the genesis of pluralism was as the opposing view of monism. The assent of pluralist theory was an outgrowth or the attempt to democratize large-scale governments. It appears that Laski, in his attack on state sovereignty (1917, 1919) where he developed pluralism as an alternative to the prevailing monistic view, was furthering and refining a concept that already existed and rather accepted. Certainly there are hints of pluralism in Madison's work which emphasized the role of constitutional limitations in the promotion of political stability and the protection of minority right. Tocqueville also was
clearly interested in pluralism—albeit the social preconditions—and augmented the Madisonian objectives of stability and rights with the concept of personal development through group association (Connolly, 1969, p. 28). By the 1920s the notion of the pluralist state was quite prominent in both the U.S. and Britain. After a decade of interest, pluralism receded into the background of political theory with its essential ideas intact. Sometime after Dahl and Lindblom (1953/1976) used the term in the early 1950s, "pluralist theory" appears to have come "to designate a strange melange of ideas" (Dahl, 1986, p. 235). Although pluralism is often used synonymously for "diversity," that is not the intent here. For the purposes of this paper, "pluralism" shall be used in its original sense as the opposing view of monism.

Monism Versus Pluralism

It was the shift in scale from city-state to nation-state that brought about a shift from monistic democracy to pluralistic democracy. With the shift came a transformation of practices and institutions as well as a transformation of democratic theory which made organizational pluralism both inevitable, but more importantly, also legitimate. In this sense pluralism was a corrective vision to the prevailing monist vision and as such was revolutionary in implication. Taken in their historical perspective, the ideological divergence of Rousseau and Tocqueville is exemplary of the large shift in democratic theory.

Rousseau, with his monist background, apprehensively found that subgroups (organizations) were inevitable. However, these were "tacit associations" that arose on a rather spontaneous or short-term basis as
the liaison of unorganized individuals who were temporarily drawn
together by a common interest. By nature, tacit associations were of
little threat since the circumstance under which participation occurred
permitted no special advantage to accrue. For Rousseau "the ideal
situation for decision making was one where no organized groups were
present, just individuals, because the former might be able to make
their 'particular wills' prevail" (Pateman, 1970, p. 24). Rousseau
felt that ultimately the existence of independent organizations within
the state would nurture a diversity that was detrimental to the general
will and that in a large community their deliberative diversity would
be destructive in the extreme. Slightly more than two generations
later, Tocqueville had already accepted the idea that it was the large
nation-state that was a fitting center for democracy in modern times.
In keeping with his perspective on the relationship of scale to
democracy, Tocqueville embraced pluralism with some qualification. He
believed that the "liberty of association" is was necessary to guard
against the "despotism of faction" or the arbitrary application of
power by the state. In Tocqueville's eyes, the independent associations
(organizations) were praiseworthy as the necessity of "people who
wished to enjoy not only democracy and equality but also liberty and
civilization" (Dahl, 1982, p. 27). Tocqueville was especially adamant
about the need for "associations" in countries with democratic
constitutions.
Organizations, Political Autonomy, and Control

Of the myriad types of organizations in modern democratic systems, the most important—because they are central to autonomy and control—are the governmental, political, and economic organizations. Though not necessarily legally separate, in most critical respects the major institutions of government in all democratic countries—the chief executive, bureaucracies, parliament, the judiciary, or local governments, are to varying degrees all semi-independent of one another. Another characteristic of modern democratic regimes is the extent of independence granted to political associations, political parties, and interest groups to interact in the arena of government. "What for centuries was held to be the lethal poison of republics, the spirit of faction, is in modern democracies institutionalized in parties and interest groups" (Dahl, 1982, p. 28). The existence of political organizations—as well as other types—is possible because the institutions of polyarchy are structured so that any efforts to destroy the relative autonomy of the organizations that are formed to contest the government's conduct would come at a prohibitively high cost (Dahl, 1982, p. 37). Once the low cost of organization is recognized, the social impetus for organization increases as citizens become more conscious of the benefits which accrue from cooperation and from pooling resources. Indeed one characteristic of modern society is the highly developed sense its citizens have of the advantages of organization (Dahl, 1982, p. 38). Because of this, organizations are likely to proliferate in modern countries unless they are restrained or destroyed.
by repression or coercion. Logically then, independent organizations will most likely flourish in circumstances of polyarchy—since it is there that their protection is institutionalized.

Tocqueville and others have argued that organizations (he calls them associations) are desirable because they are essential to freedom. In support of his position, there are two primary reasons why relatively independent organizations are desirable. First, they contribute substantially toward the mutual control of a political system by elites and the masses. Second, although autonomous organizations are an inevitable outcome where democratic processes are implemented on a large scale (as with the modern nation-state), they make large scale democracy possible.

Independent organizations play a significant role in large political systems because their existence helps to preclude domination and to foster mutual control. The impetus for mutual control in the government of the state, resides in the fact that the primary alternative to mutual control is hierarchical control. Hierarchical government of a system as large as a nation-state begs domination by the elites in the hierarchy who control the government of the state. By diluting the power accumulation of a hierarchical structure, independent organizations help to curb not only hierarchical impulses, but also the "inevitable" domination prescribed by Michels's "iron law of oligarchy." Thus pluralism in its support of independent organizations becomes the fundamentally contradictory position to the elitist and Marxist positions which contend that domination is inevitable. The elite theorists Pareto, Mosca, and Michels asserted that minority
dominance is inherent in any large-scale society, whether the minority is a class or any other elite group. Unlike the Elitists, the Marxists do not find domination to be an inherent feature of society; rather, they assert that it is the result of a particular economic type—specifically capitalism. It is their contention that bourgeois society is dominated by necessity by a minority class of (exploitative) capitalists. Once capitalism is replaced by socialism, freedom will supersede the previous domination.

Although both elitism and Marxism correctly emphasize the tendencies of domination, they generally fail to correctly assess the drive behind tendencies of political autonomy and mutual control. Developed to countervail to the extreme of Michels's iron law, Dahl asserts the existence of a concurrent law: "every organization develops an impulse toward its own independence" (1982, p. 33). Independence can become a viable possibility in that control and domination require an investment of resources which can exceed the return from domination. The preceding circumstance presumes rational motivation and not emotive (irrational) motivation. Indeed history abounds with examples illustrating how individuals have combined their resources and managed to increase the cost of control to the point that they overcame domination and acquired at least a degree of political independence (autonomy). While domination is not inherent in social existence and can often be transformed in a system of mutual control, there are clearly circumstances where "subjects" cannot always break free of the bonds of domination.
The all pervasive tendency toward oligarchy--leadership dominating membership--always exists; however, the principle of mutual control offers an effective method to counter it. Mutual control though, is no panacea of democratic control and should not be confused as being an equivalent to equal, equitable, or democratic control. To claim that independent organizations promote mutual control and contribute to the prevention of domination is not a claim "that they guarantee justice, equality, or democracy" (Dahl, 1982, p. 36). Thus, a political system can be pluralist and at the same time still lack democratic institutions.

The existence of independent or autonomous organizations is more than a mere consequence of the process of democratizing the government of the nation-state. "They are also necessary to the functioning of the democratic process itself, to minimize government coercion, to political liberty, and to human well-being" (Dahl, 1982, p. 1). Conversely the independence or autonomy necessary for the existence of independent organizations creates the opportunity that they may potentially be used to "increase or perpetuate injustice rather than to reduce it, to foster the narrow egoism of their members at the expense of concerns for broader public good, and even to weaken or destroy democracy itself" (Dahl, 1982, p. 1).

Though not the focus of this review, economic organizations are significant (perhaps even more so than political organizations) because they increasingly are to be found residing at the locus of autonomy and control. In our society the primary economic organizations are business firms and trade/labor unions. The autonomy of these organiza-
tions is particularly complicated in that their contributory significance to democratic processes is rivaled only by their potential for harm. The independence that permits the right of collective bargaining units to strike is seen by many as an essential element in any democratic scheme. The act of striking exemplifies the relative autonomy trade/labor unions have to both employers and to the government. The role of business in modern democracy is historically unparalleled, and with this expanded role (and increased clout) comes an unparalleled opportunity to bend or destroy democracy. Both the traditional and contemporary critics of privately owned and operated business have argued that the potential for business to harm a democratic system could be significantly diminished by greater state control. However, of recent "more and more advocates of democratic socialism have concluded that centralized state socialism is likely to be not only inefficient but also inhuman and undemocratic as well" (Dahl, 1982, p. 29). The current trend seems to seek, and to a degree find, solution in corporatism; although Bobbio (1984/1987a), for example, does not accept corporatism without qualification. He rejects corporatism at the national level (and for political representation) but finds application at a lower level as long as it is limited to the arena in which the relevant interests normally practice. Contemporary corporatists—similar in motive to the socialists before them—seek to effectively reign in the autonomy of business so as to defuse and control its capacity for harm. Unfortunately any further discussion of corporatism remains beyond the scope of this paper, let it suffice to note that corporatism exists as an alternative paradigm to that of
pluralism. Accompanying organizations as integral components of pluralist theory are the notions of political autonomy and control.

The relationship of political autonomy and its compliment control (Dahl, 1982, p. 16) is tightly interwoven into the role of organizations in pluralist democracy. Political autonomy is based on a relationship between specific entities. Only in its most simple incarnation is political autonomy dyadic. Further contributing to its somewhat chimerical nature is that there is no quantitative way to measure the constantly varying magnitude of influence. The proviso of relative autonomy is introduced to separate pluralism from the extremes where the existence of any organizations with some autonomy qualifies it (all systems qualify) or the qualification that all important organizations in a system must be fully independent of all controls (no systems qualify). Thus, "an organization is relatively autonomous if it undertakes actions that (a) are considered harmful by another organization and that (b) no other organization, including the government of the state, can prevent, or could prevent except by incurring costs so high as to exceed the gains to the actor from doing so" (Dahl, 1982, p. 26). Control on the other hand, like political autonomy, always describes a relationship between actors where the "preferences, desires, or intentions of one or more actors bring about conforming actions, or predispositions to act, of one or more [other] actors" (Dahl, 1982, p. 16). Thus, control is a causal relationship; that is, one actor stimulates or causes the actions of another actor in a way which conforms to the preferences of the first actor. Understood
in this way, control does not have to be intentional—it may be unintentional as well.

**Conflictive and Organizational Pluralism**

In the explanation of pluralist theory Dahl makes an insightful and useful distinction between types of pluralism. He finds that there are two different but related ways that the term is used (1986, p. 244). First, conflictive pluralism results from the numeric size and pattern of enduring cleavages that give rise to the conflicts that are characteristic of a specific group of people. Second, organizational pluralism results from the numeric size and relative independence of the organizations and those conflicts that are characteristic of a specific group of persons. Within organizational pluralism there exists a direct relationship between the components (numeric size and relative independence) and the result (organizational pluralism), that is, the greater the number of organizations and the greater their relative independence, the greater the amount of organizational pluralism that will exist. In that organizational pluralism is often an outcome affected by conflictive pluralism, the ensuing explanation, while specifically addressed to organizational pluralism, will also develop conflictive pluralism in its contributory role.

**Causes of Organizational Pluralism**

Dahl believes there are four not fully independent factors that explain the extent to which a country experiences organizational pluralism: (1) the amount of latent conflictive pluralism, (2) the
nature of the socioeconomic order, (3) the nature of the political regime, and (4) the concrete structure of the political institutions (1986, p. 246).

**Latent Conflict and Cleavage**

The latent amount of conflictive pluralism, which results from the esoteric identifications of a particular subgroup that share some unique commonality of background, is significantly related to organizational pluralism. Dahl finds that throughout history there has been a repeated underestimation of the persistent strength of subculture identifications "centered around religion, region, ethnic group, race, language, and failure to foresee the emergence of new identifications centered around a variety of economic differences that do not fall nicely along a single prominent cleavage line but rather generate several or many cleavages" (Dahl, 1986, p. 246). For Dahl, the various manifestations of "class" are but one element in a diverse pattern of cleavages and conflicts that is much more than a diametric relationship. Here too, the traditional interpretations of class have had a tendency undervalue the fragmentation is induced as a result of ideological diversity among elites. Finally, while conflictive pluralism is prevalent in all regimes, it is with considerable variance in amount—even among regimes of similar type, and especially in polyarchies. It is in this atmosphere that societies as a whole benefit from pluralism. "The system of multiple group pressures provides reasonable assurance that most important problems and
grievances will be channeled to governmental arenas for debate and resolution" (Connolly, 1969, p. 4).

**Socioeconomic Type**

The nature of the socioeconomic order is also related to organizational pluralism. Since capitalism is the primary economic order where polyarchy occurs—and therefore organizational pluralism flourishes—it might logically be inferred that a high degree of organizational pluralism is a product of capitalism or the private ownership of the means of production. Conversely, it would appear as if socialism, with its principal means of production socially owned, is not conducive to organizational pluralism. While the existence of organizational pluralism in a socialist economic order is not necessarily anathema to Marxism, this is not the issue. Arguments that extrapolate from the above relationships commit a two-fold error. First, they wrongly presume that control of a business enterprise is automatically (necessarily) conferred by ownership. Second, they falsely conclude that "ownership" may be equated to "control." However, "experience in this century has conclusively demonstrated that ownership is definitely not a sufficient condition for control" (Dahl, 1986, p. 248). Given the great variety in forms of "managerial dominance" that occur with an equally great variety of ownership types "one cannot even be certain that a particular form of control requires a particular form of ownership" (Dahl, 1986, p. 248). In this light, it becomes evident that whether the economic order is capitalist or socialist, the crucial ingredient is one of control, not ownership.
The key factor is how much autonomy (i.e., freedom from internal and external controls) economic enterprises are permitted to exercise. Since capitalism need not be highly decentralized just as socialism need not be highly centralized, the amount of organizational pluralism in a country is not a factor of what kind of economic order it has, but rather it is dependent upon the degree to which the decisions affecting economic enterprises are decentralized (Dahl, 1986, p. 250).

Regime Nature

It is the nature of the regime that plays a significant role in the extent of organizational pluralism that is permitted to exist. Where regime nature predisposes it to condone inclusion of opposition groups as well as to institutionalize a high level of guarantees for opposition groups—as polyarchies do—the desirable and inevitable result is extensive organizational pluralism. Hence it is the institutional guarantees which establish and assert "the right to form and join organizations, freedom of expression, the right to vote, the right of political leaders to compete publicly for support, particularly in elections, the existence of alternative sources of information" (Dahl, 1986, p. 252) which are crucial conditions for the growth of organizations. Political organizations in particular benefit from institutional guarantees since such guarantees "both heighten the incentive for forming political organizations and reduce the costs of doing so" (Dahl, 1986, p. 252).

Finally, it would be wrong to conclude that movement toward or away from organizational pluralism must necessarily end in either a
highly polyarchal regime or a highly hegemonic regime. Certainly a rather "pluralistic" regime that is not highly "democratic" is a very real possibility. From this context "polyarchy" should be viewed as that which occurs as the diametric opposite of hegemony. Thus, a polyarchy is "a regime in which the right to participate is broadly extended and the institutional guarantees to opposition groups are, ... comparatively strong and the barriers to opposition groups comparatively low." Conversely, a "hegemonic" regime is a regime that has weak or nonexistent institutional guarantees for opposition groups and the barriers to those groups are high." Dahl continues on to note that "indeed one of the most striking differences among regimes in the modern world is to be found precisely in the extent to which those who oppose the conduct of the government of the state are permitted to organize, express themselves, and participate in political life" (1986, p. 252). Thus, "organizational pluralism is ordinarily a concomitant, both as cause and effect, of the liberalization and democratization of hegemonic regimes" (1982, p. 39; 1986, p. 252).

**Institutional Structure**

It is the substantive structure of "concrete political institutions" which provides the basis for the existence of organizational pluralism. In the U.S., for example, organizational pluralism is guaranteed by extensively decentralizing government authority through constitutional norms and political practices which use both federalism and the separation of executive, judicial, and legislative powers. However, as noted earlier, differences of basic variables (e.g., the
patterns of conflict and cleavage) from country to country can mean that significant degrees of organizational pluralism can still exist in less decentralized regimes. Britain, for example, is clearly a polyarchy although the unitary structure of her parliamentary government—where executive and legislative power are not separated—mean that her political institutions are at the other extreme of the decentralized U.S. model. Thus there is considerable variation in the patterns of organizational pluralism from country to country.

Pluralism and Incremental Politics

"Incrementalism" is the descriptive name that has developed to denote how social policy changes occur in a pluralist society. For pluralists, social change in the successful polity is characterized by small incremental changes from a previously established (but not necessarily permanent) status quo position. That is to say, "social oscillation in the pluralist ideal is and ought to occur at a very narrow range around some point of equilibrium" (Lowi, 1969/1979, p. 38). It is "a way of 'smuggling' changes into the political system. Important changes in policy and in the political system often come about quite indirectly and as a surprise to many of the participants in the system" (Lindblom, 1979, p. 521). Considered in the ideal sense, incrementalism is desirable for a number of reasons. First, it provides a basis to systematically explore solutions to complex problems that are beyond synoptic analysis. Second, it reduces political controversy by reducing the size and value of the stakes in contention. In this way, incrementalism motivates the losers of a
political dispute to take their loses in a manner that dampens the disruption to the political system. "Small incremental steps do not upset the democratic applecart; big steps do" (Lindblom, 1979, p. 522).

Third, incrementalism "helps maintain the vague general consensus on basic values (because no specific policy issue ever centrally poses a challenge to them) that many people believe is necessary for widespread voluntary acceptance of democratic government" (Lindblom, 1979, p. 520). It does this by reducing the degree of change to a point that it is perceived as being non-threatening to the principal values of any party. "Political change must not challenge the fundamental consensus which exists on the rules of the game and other basic values without which non-coercive democratic government is impossible" (Lindblom, 1979, p. 522). Finally, it must be observed that there is nothing tactically conservative, or slow moving about incrementalism. "A fast moving sequence of small changes can more speedily accomplish a drastic alteration of the status quo than can an only infrequent major policy change" (Lindblom, 1979, p. 520). Incremental change is typically the most expeditious method of political change because incremental steps do not generate much antagonism, thereby avoiding the paralyzing rifts caused by drastic policy change.

The inability of the U.S. political system to effectively deal with major issues is often attributed directly or indirectly to the practice of incremental politics, when it is in fact tied to the use of market-oriented systems to perform many of the organizing and coordinating of a society. Lindblom (1979) suggests root causes other than political incrementalism—to wit, widespread veto power and "government-
tal timidity." It is in the veto power that the market has its greatest influence over the political system, although the governmental timidity that leads to incrementalism is largely caused by the indoctrination of a system anxious to perpetuate thinking conducive to free-enterprise.

In the U.S. there exists an especially pronounced dispersion of veto power spread throughout the political system. Of particular significance are not those powers which reside in the Constitution and legislative procedures, but rather those powers which arise from private property rights—specifically the property rights of businesses. With the backing of "judicial interpretation" the property rights of business permit them the "veto of many forms of government regulation that might otherwise be attempted to cope with our [national political] problems" (Lindblom, 1979, p. 520). It is one of the fundamental characteristics of political systems which occur in consort with market-oriented systems to assign the vast majority of the organizing and coordinating duties of society to business organizations. The owners and managers of these organizations are then induced to perform of their own volition in specific ways by the offer of various cherished market rewards (inducements). In this way government coercion through decree or command, which is non-democratic and is generally barred in the constitutional rules, is unnecessary. Hence numerous policy lines that are attractive to the political system for the solution of its problems are beyond approach because of the threat they represent to the privileges (inducements) and privileged position granted to business to induce its performance.
Governmental timidity (ideological conservatism) appears to grow from the multifaceted nature of indoctrination which circulates around the private enterprise system. This indoctrination factor makes it "difficult for many political leaders, and for ordinary citizens as well, to open their minds to the possibility that the American Constitution, with its many curbs on the popular will, including the Fourteenth Amendment's guarantees to corporations, is not an adequate set of rules for coping with our current great problems" (Lindblom, 1979, pp. 520-1).

Lowi (1969/1979, p. 38) notes two additional criticisms of incrementalism. First, incrementalism presupposes the existence of a "predefined equilibrium" which fulfills the competing spectra of wants and needs. Second, Lowi argues that political equilibrium, like economic equilibrium, may not occur at an optimal level; it may occur at a level of participation that is less than acceptable.

Problems of Pluralism

For democratic political systems on the scale of a nation-state, a plurality of reasonably "independent organizations is necessary not only for mutual control but also for the democratic process. Applied on the scale of a country, the democratic process in turn makes relatively independent organizations both possible and inevitable" (Dahl, 1982, p. 166). Even though a considerable degree of pluralism is a necessary and desirable condition for a (large-scale) democratic regime, "pluralism also creates problems for which no altogether
satisfactory solution seems yet to have been found" (Dahl, 1986, p. 244).

As has been portrayed, the independent organizations of democratic pluralism have many desirable aspects; however, they also bring with them a number of inherent problems. But first it is worth noting that these same desirable attributes may substantially contribute to the alleviation of the problems; that is, it is a flexible, open, and dynamic system capable of making substantive changes where necessary. It also should be noted that regardless of regime similarity or difference, arrays of organizational pluralism are significantly different from one country to another. Pluralism varies not only in amount, but also in the degree of inclusion or exclusion; as well as in the patterns of cleavage and conflict in which organizations subsequently participate. Interestingly, "some degree of organizational pluralism is a necessary condition for polyarchy and a fairly high degree of organizational pluralism appears to be a consequence of the institutional guarantees and exclusiveness [or inclusiveness] of polyarchy" (Dahl, 1986, p. 253). However, there is not a particular or specific array or amount of organizational pluralism that is essential to maintain polyarchy. Organizational pluralism is a rather dynamic reactive occurrence, and it may change freely without losing the condition of polyarchy. Since the undesirable aspects of organizational pluralism may be changed, pluralism offers at least the possibility of achieving better (less undesirable) mixtures.

Occasionally the problems of pluralism are attributed to the less than democratic nature of the governments that exist—even in those
countries governed by polyarchy. In this contest, it is asserted, the solution is simply to increase democratization. However, it must be recognized that this simplistic diagnosis is in fact a very complicated prescription--for increased "democratization presupposes a democratic society" (Dahl, 1982, p. 81). The traditional meaning of democratization is based on reducing political inequalities through the redistribution and decentralization of political resources. If it is recognized that it was the democratization of authoritarian monarchies which led to polyarchy, then logically it must be necessary to continue the process by democratizing polyarchies. An increase in democratization would yield policies which articulate majority preferences and interests rather than the narrow interests of special interest groups. Given the scenario of increased democratization, the expectation is that organizations would then respond more efficiently to the general interests of their membership rather than the current practice which traces organizational responsiveness only to small oligarchies at the top. Ultimately, to achieve greater democratization in the political arena, social and economic structures too would have to be changed to give a more equal distribution of political resources.

However appealing the case for increased equality of political resource distribution may be, it is fraught with procedural questions that make it appear all but elusive. For example, how is the political equality of individual citizens to be reconciled with inequality among organizations. And what demos is to have the final control of the agenda for what affairs (Dahl, 1982, p. 82). Probably the most commonly addressed dilemmas of democratic organizational pluralism
revolves around the barrier posed by the existence of a permanent majority. There are two not mutually exclusive solutions to the problem of minority unfreedom and majority dominance. The first is to modify the majority principle in some fashion so that it is not oppressive to minorities. And the second is to establish a means of granting the minority a greater measure of autonomy or even total independence. For example, a constitutional principle of autonomy could be used to eliminate domination altogether (and thus increase freedom). Where both solutions are used together, the result is a consociational rather than a majoritarian system of polyarchy. Ultimately it becomes evident that further democratization is never entirely free of disadvantages. However, "as long as great inequalities in political resources persist democratic pluralism must fail to attain the potentialities of large-scale democracy" (Dahl, 1982, p. 107).

The Dilemma of Pluralist Democracy

It would be an egregious mistake to consider the dilemma of pluralist democracy to be uniquely exclusive to that type of system. Indeed Dahl asserts that "all contemporary political theories and ideologies are menaced by the dilemma of organizational autonomy and control" (1982, p. 3). Thus, the basic dilemma is neither exclusive to democratic systems nor, as described earlier, is it restricted to a specific economic type (capitalist or socialist). Although authoritarian regimes are more capable of suppressing and hiding man's inclination toward organization and organizational autonomy than non-
authoritarian regimes, they too face this dilemma to a degree. However, this dilemma is most prevalent in the democratic scheme because of the inherent nature of democratic systems and their ideal type.

In the title of his 1982 book *Dilemmas of Pluralist Democracy*, Dahl intimates that there are a number of issues which have yet to be fully reconciled by pluralist democracy. And indeed there are. However, the use of the word "dilemmas" is so artfully chosen and profound in its implications that it bears comment. The notion embodied in the term "dilemma" is that of competing alternatives which are often fairly equal but somewhat less-than satisfactory. Indeed the existence of pluralism within democracy creates what might be called the grand dilemma; for independent organizations are highly desirable in a large-scale democracy and to a degree necessary, while at the same time their independence gives them the capacity to do harm.

**Independent Organizations**

Dahl (1982, p. 40) identifies four circumstances where independent organizations appear to contribute to the problems of democratic pluralism: (1) independent organizations tend to stabilize political inequalities, (2) there is a tendency for independent organizations to deform the civic consciousness, (3) they tend to distort the public agenda, and (4) independent organizations have a tendency to alienate the demos from final control over the agenda.
Tendencies of Stabilized Political Inequality

It is widely recognized that the effects of organizational pluralism on the decision-making institutions of polyarchies is not particularly equitable with decisions made that are often made for "public" or "general interest." "Although organization is indispensable for offsetting the universal tendency toward domination, the pattern of pluralism in a particular country even while checking domination may help to sustain inequalities of various kinds, including inequality in control over the government of the state" (Dahl, 1982, p. 40). Such inequality is especially likely to occur where the organizations do not have a broadly inclusive membership since the organized citizen must be recognized as being more influential than the unorganized citizen. The inequality resulting from organizational pluralism becomes a significant problem because it "develops a self sustaining pattern over fairly long periods" (Dahl, 1982, p. 41). That is the institutional guarantees of polyarchy and the functions of organizational pluralism do not necessarily produce a very high degree of equality in the distribution of resources--political and thus economic and social--and ultimately of control over government. "Thus organizational pluralism is perfectly consistent with extensive inequalities ... even when the institutional guarantees of polyarchy exist" (Dahl, 1982, p. 40). It is amusing that critics of pluralist theory often wrongly assert that individual groups have equal influence over decisions, for this could not be farther from reality.
Accompanying the tendency toward inequality is a tendency for stasis. Stasis is particularly dangerous because it translates into a tendency to maintain systematic inequalities. That is, "major public problems go unsolved because every solution that does not have substantial agreement among all the organized forces is, in effect vetoed" (Dahl, 1986, p. 254). A given pattern of organizational pluralism may inadvertently produce a stable system where mutual veto powers produce a stalemate that blocks any movement toward reducing inequalities.

Deformation of the Civic Consciousness

Dahl (1982, p. 43) suggests that because organizational pluralism occurs symbiotically with a plurality of interests, there is said to be a direct relationship—that is, a linkage between them. This "symbiotic" relationship assumes that where they are socially permitted to occur, whatever causes the one also causes the other. Already in Rousseau's work it is evident that he saw the linkage between a plurality of "associations" and a plurality of interests as being detrimental to the general civic consciousness. Rousseau surmised that "associations" would hinder and subvert the articulation of the general will by providing a platform designed to reinforce particular interests. Organizations are not neutral in their portrayal of members' desires and interests. They do more than merely receive and transmit signals from their membership about members' interests. Rather organizations selectively filter and amplify signals and create new ones. "Often they sharpen particularistic demands at the expense of broader needs, and short-run against long-run needs" (Dahl, 1982, p.
44). Organizations simultaneously reinforce both cohesion and division, through the efforts of leaders to downplay potential internal conflicts and cleavages among members while exaggerating the "salience" of conflicts with individuals or groups outside the organization. By promoting the fragmentation of outside citizen interests and concerns while consolidating internal interests and concerns, organizations make it possible for the minority to subvert and deform the interests and concerns ("will") of the majority.

Distortion of the Public Agenda

Another problem grows from the inequality of resources (remembering that organization is a resource) that give organizations the ability to stabilize injustices also gives them the ability to distort the public agenda through their unequal capacity to influence the determination of which alternatives are considered. Because organizations by nature reinforce a civic orientation that encourages group egoism, distrust of other groups, and weakened perceptions of general interest, they encourage the consideration of those alternatives which offer tangible short-term benefits to the proportionally small number of citizens who are organized. Those alternatives which hold the promise of substantial long-term benefits to the greater number of unorganized citizens are typically forced from the agenda entirely.

Alienation of Final Control

Organizational pluralism has been variously described by critics as that system whereby private groups appropriate public functions.
They assert that through economic organizations, such as business firms, labor unions, farmers associations, functions that would better be left in the public domain are wrested into the private sector. As evidence, the critics cite the U.S. example; where crucial economic decisions are effectively beyond the control of not only the national legislature but more importantly the electorate. That non-government organizations undertake public functions can be easily established, but the normative issue of whether they would better be left in the public domain is more difficult to establish; for it begs the matter of fundamental political rights which remains beyond the scope of this paper.11

While one criterion of the democratic ideal of final control over the agenda, prohibits irrevocable delegation of control, it does not prohibit delegation. Although as champion of popular sovereignty he was ever vigilant against any infringement of popular sovereignty, even Rousseau conceded that although a demos may be small enough to govern itself through direct assembly, it would have to delegate some administrative duties to officials.

The acceptability (and necessity) of revokable delegation still faces certain problems that lead to the ultimate alienation of final control. There are at least three reasons why representatives in modern democratic countries cannot always bring about the compliance of wayward/recalcitrant organizations. First, because having access to their own resources gives organizations the capacity to raise the costs of control by representatives to prohibitive levels. Second, the largess of institutional structures as well as prevailing tradition and
ideology contribute to their resistance to control (Dahl, 1982, p. 50). As inducement for compliance, representatives are often reduced to offer special concessions to recalcitrant organizations—concessions that in the long-run only strengthen and perpetuate the special status of the organization by increasing their resources for resistance. Lindblom (1977, p. 174) illustrates quite clearly how businessmen as a group are the epitome of an organization which extracts privileged position as the inducement for compliance. Third, the myriad complexities associated with organizational pluralism makes it virtually impossible for democratic representatives to force compliance that they cannot even entirely comprehend. "Representatives readily yield some of their control, knowing that should they attempt to impose a national policy on complex subsystems [organizations] they would produce chaos" (Dahl, 1982, p. 52). Ultimately it becomes evident that representatives of a democratic system are destined to lose control as the complexity of the system increases beyond basic subsystem relationships. Logically as the representatives lose control, by extension it seems appropriate to conclude that the demos then has lost its final control over public affairs. Worse yet, cautions Dahl, we are witnessing a fundamental transformation of democracy and given the institutions of polyarchy, "this shift in power away from the elected representatives looks to be irreversible" (1982, p. 80).

In final analysis, the dilemma of pluralist democracy remains. Organizations ought to possess some autonomy, and at the same time they should also be controlled. The crucial question is how to establish what degree of autonomy from government should be granted organiza-
tions, and what degree of control should be retained for government. Dahl (1982) suggests that the problems of pluralism are less a result of any failure of pluralism per se than they are consequences of failures in democratization. "In a truly democratic country, the defects of pluralism would tend to disappear" (Dahl, 1982, p. 81).
CHAPTER X

THE THEORY OF POLYARCHY

The term "polyarchy" was originally used in the *Oxford English Dictionary* to elucidate the converse of monarchy. As such, polyarchy meant "the government of a state or city by many" (Dahl, 1986, p. 223). The term as it is used in modern political science was coined by Dahl and Lindblom in 1953 when they developed it for distinctive use when speaking of democracy in the methodological sense as opposed to the ideal sense. In this sense, "polyarchy is process, sometimes called democracy, in which non-leaders control leaders" (Dahl & Lindblom, 1953/1976, p. 23). They later observed that "in some societies, the democratic goal is still roughly and crudely approximated, in the sense that non-leaders exercise a relatively high degree of control over leaders. The constellation of social processes that makes this possible we call polyarchy" (Dahl & Lindblom, 1953/1976, p. 275). In 1956 Dahl revises the use of polyarchy to reflect more than mere process, but rather as a set of institutions (pp. 63-84). Like democracy, there are different facets of polyarchy which are consistent and complementary of one another. Taken together they define the boundaries of a complex concept.

At some risk of repetition then, polyarchy is in large part democracy as method; it is however, a process not divorced from ideal, but likewise, not restricted to the letter of ideal either. Indeed as
developed in Part I "the gap between the prescriptive definition of
democracy and its actual performance is very great" (Sartori, 1962, p.
91).

In to most ecumenical sense, polyarchy is the institutionalized
political process which achieves the accommodation of the multitude of
conflicting demands of single individuals as well as groups of indi-
viduals who have managed to make themselves "heard" in the decision-
making process (Dahl, 1956, p. 145). The central mechanism in this
process is bargaining, because only through bargaining can mutual
satisfactions be achieved while at the same time acknowledging claims
of intensely held interests (Dahl, 1956, p. 150; Dahl & Lindblom,
1953/1976, chaps. 12-13). Given the implicit filtering process that
occurs pursuant to an election, Keim concludes that it is the processes
of bargaining and elections which form the matrix of polyarchy (1975,
p. 5).

Requisites of Polyarchy

Shared Convictions

Considered in context, as "polyarchy is a prerequisite for
approximating the democratic goal," so is "a minimum level of
agreement ... a prerequisite for polyarchy (Dahl & Lindblom, 1953/1976,
p. 49). That is, "the extent to which polyarchy exists must be related
to the extent which the norms are accepted as desirable" (Dahl, 1956,
p. 75). Hofstadter (1955) finds the degree of "shared convictions" to
be a recurring theme that has played an important role throughout
American history. "There has been a common ground, a unity of cultural and political tradition, upon which American civilization has stood" (Hofstadter, 1955, p. x).

Pluralism

The relationship between pluralism and polyarchy is crucial. "Polyarchy requires a considerable degree of social pluralism—that is, a diversity of social organizations with a large measure of autonomy with respect to one another" (Dahl & Lindblom, 1953/1976, p. 302). Further pursuit of polyarchy's lineage brings to light issues of participation. If pluralism is essentially the ultimate expression of participation in polyarchy, it can be considered likewise as a requisite of polyarchy. "The more 'voluntary' a group—that is, the more easily a member can withdraw and achieve his goals in an alternative group—the less reason any member has for obeying a command, and therefore the more limited the capacity of leaders to achieve control through command. ... this social fact is of extraordinary importance as a condition for polyarchy" (Dahl & Lindblom, 1953/1976, p. 109).

Social Focus

Polyarchy depends additionally on the existence of certain social conditions. For example, in contradistinction to Dahl's Madisonian democracy which devolved from the constitutional restraints upon majority action, "the theory of polyarchy focuses primarily ... on the social prerequisites for a democratic order" (Dahl, 1956, p. 82). This is not to say that Madison was diffident about the necessity of certain
social conditions for a non-tyrannical republic, but rather that his primary focus (and that of the rest of the founding fathers at the Constitutional Convention) was on constitutional controls as opposed to social controls. Dahl believes that as a result of this orientation, Americans have myopically come to place too much faith in the necessity of constitutional checks and balances, while placing too little faith in social checks and balances. "We admire the efficacy of constitutional separation of powers in curbing majorities and minorities, but we often ignore the importance of the restraints [sic] imposed by social separation of powers" (Dahl, 1956, p. 83). Supported by historical evidence from Latin-America and beyond, the theory of polyarchy would indicate that no constitutional provisions can yield a "non-tyrannical republic" if it lacks the necessary social prerequisites. "Conversely, an increase in the extent to which one of the social prerequisites is present may be far more important in strengthening democracy than any particular constitutional design" (Dahl, 1956, p. 83).

Regime Type

Polyarchy can be viewed as a distinctively different type of regime that devolved in the post 19th century era. Polyarchy is distinctive because it features first, a high tolerance for those who wish to challenge the conduct of the government and second it features extensive opportunities for participation in the influencing of the conduct of the government including the peaceful removal of incumbent government officials.
Dahl (1956, p. 84) specifies eight component propositions which together form the minimum basic specification of requisite conditions for democratic control—polyarchy. These conditions are as follows:

**During the voting period:**
1. Every member of the organization performs the acts we assume to constitute an expression of preference among the scheduled alternatives, e.g., voting.
2. In tabulating these expressions (votes), the weight assigned to the choice of each individual is identical.
3. The alternative with the greatest number of votes is declared the winning choice.

**During the prevoting period:**
4. Any member who perceives a set of alternatives, at least one of which he regards as preferable to any of the alternatives presently scheduled, can insert his preferred alternative(s) among those scheduled for voting.
5. All individuals possess identical information about the alternatives.

**During the postvoting period:**
6. Alternatives (leaders or policies) with the greatest number of votes displace any alternatives (leaders or policies) with fewer votes.
7. The orders of elected officials are executed.

**During the interelection stage:**
8.1. Either all interelection decisions are subordinate or executory to those arrived at during the election stage, i.e., elections are in a sense controlling
8.2. Or new decisions during the interelection period are governed by the preceding seven conditions, operating, however, under rather different institutional circumstances
8.3. Or both.

It is the existence of these institutions that makes polyarchy different than all other regime types—including the democratic city-states of classical Greece and the Roman Republic.
Evolutionary Product

It is also possible to view polyarchy as a set of institutions that evolved primarily as the "product of efforts to democratize and liberalize the political institutions of nation-states" (Dahl, 1986, p. 231). From this view polyarchy is seen as a unique group of modern institutions which grew out of historical circumstance—the adaptation of democratic ideals and practices to the large-scale nation-state. "This historically unique complex of political institutions has tended to acquire the name 'democracy', and its institutions have largely superceded the distinctive political institutions of the earlier democratic or republican city-states" (Dahl, 1986, p. 231).

Necessary Process

Polyarchy viewed as the set of "necessary" (but not wholly sufficient) political institutions which make it possible to extend the democratic process on a scale as large as the nation-state. From this viewpoint comes the assertion of a number of necessary but not sufficient rights: the right to (widespread) suffrage, the right to run for public office, the right to free and fair elections, the right to form political parties, and the right to hold the executive branch of government responsible to the electorate.

Control Through Competition

From this view, polyarchy is seen as a system of political control by the masses over the leadership of the government of the
state. As a result of the above mentioned set of institutions, high officials have to face the prospect of replacement through popular elections if the wishes of the demos are not satisfied; in this way polyarchal leadership is perceived as having strong inducement to modify their conduct where necessary to maintain the favor of the demos so that they can win elections in open political competition with others. One of the features most distinctive of polyarchal regimes is this competition among political elites for office—in a setting that is potentially open to any of the demos—and the degree of mutual influence between elites and the masses that develops as a result of the competition. In this manner the unilateral dominance of the masses by elites as prescribed by Michels iron law of oligarchy is averted (Dahl, 1986, p. 232).

System of Rights

This final view of polyarchy perceives of it as a system of rights which are guaranteed and protected institutionally and though they are necessary to the institutions of polyarchy, the rights may individually be esteemed in and of themselves. "Each of the seven institutions of polyarchy prescribes certain rights that are necessary to the existence and functioning of the institution itself" (1986, p. 232). And, most importantly, these rights must be enforceable in actuality—in courts or law and not merely in an abstract or theoretical sense.

Thus, devolves the issue of whether the economic system used in conjunction with all polyarchal political systems—since they are the
penultimate form of nation-state democracy—hinders or undermines that polyarchy and the universally sought human emancipation. As the Marxists are so quick to point out, no matter how equal political rights ostensibly are, political power cannot be equalized where economic power is unequal. For them, bourgeois democracy is a sham, not because democracy is impossible, but because capitalism does not, indeed cannot, provide the requisite economic conditions for it. Although it is beyond the scope of this paper to make more than passing references to Marxist theory, one cannot overlook their vociferous identification of the necessity and value of an economic system that provides the demos with the capacity to realize their democratic political goals. On this note the discussion now turns to capitalism.
ENDNOTES--PART II

1. Although the two schools cannot agree on what really constitutes the basis for classical democracy. Pateman (1970, p. 17) accuses Schumpeter of attacking a singular position when in fact there exists no such singular paradigm (least of all the straw-man Schumpeter is credited with creating). Dahl (1956) also does not believe in the existence of a single theory of democracy.

2. Schumpeter's work is occasionally traced in a derogatory sense to the work of Mosca. This obfuscation of reality is typically made with the intent of "extolling a participatory theory of democracy in opposition to the theory of representative democracy and, in particular, to the competitive theory" (Sartori, 1987, p. 156).


5. Note how close this aspect of delineation is to work of Dahl 1970 forward.

6. See the examples of industrial democracy cited by Pateman (1970) and Dahl (1986)--Milbrath's example of Ghana (1967) generates serious concerns about the application of widespread participation in politics on the scale of the nation-state.

7. Pateman asserts that "the central function of participation in Rousseau's theory is an educative one" (1970, p. 24). James Stuart Mill, on the other hand, is found to have a different perspective. "For Mill it is at the local level where the real educative effect of participation occurs, where not only do the issues dealt with directly affect the individual and his everyday life but where he also stands a good chance of, himself, being elected to serve on a local body" (Pateman, 1970, p. 31).
8. Pateman is not against participatory systems in institutions of education, with the caveat that they should be institutions of higher education. It is her belief that the motive to give the opportunity of participation to the student is as convincing as the motive for offer such opportunity to the "young worker" (see Pateman, 1970, p. 109).

9. Distinctions of political, social, and economic nature are difficult to make because they are normative in nature. For example, a circumstance which a participationist considers political is likely not to qualify in the much more narrow sense that the revisionist uses the term. Alas, the line must be drawn somewhere, and it is with the revisionists that the lot is cast.

10. While R. Michels's law is considered here as being common knowledge, enlightening discussions of it and its application may be found in Dahl and Lindblom (1953/1976, pp. 279ff). As Dahl and Lindblom show, Michels's work should be considered with that of G. Mosca and V. Pareto (see Bobbio, 1984/1987a, p. 161, note 11).

11. Aspects of this issue are dealt with throughout this paper. However, there does not seem to be any real consensus in the scholarly community as to the answer of this question. Dahl (1982, p. 47) proposes that it might be more yielding to explore the "kinds and range of organizational autonomy" which "should be regarded as outside the final control of representation."
What goes by the name of capitalism is, in reality, an immensely complex form of organization with elements of private ownership, to be sure, but with socialistic elements in the organization of basic research, public ownership of some industries and regulation of others, with a substantial not-for-profit sector which has no place in either socialist or capitalist models, and with varying degrees of monopoly. (Usher, 1981, p. 65)

Capitalism is now hardly more than a name stretched to cover a large family of economies in which distant cousins, it is true, resemble one another, but nor more than do "capitalist" United States and "socialist" Britain. Socialism once stood for equality; but income and inheritance taxation, social security and other techniques of "capitalist reform have destroyed its distinction. And in the eyes of socialists themselves, public ownership of industry is now simply an implement in everyone's tool kit for economic reform. Socialism has lost its unique character. (Dahl & Lindblom, 1953/1976, pp. 4-5)

Capitalist democracy is in decay because the principle of capitalism cannot be squared with the principle of democracy. The one consistently seeks to maintain inequalities which the other, not less consistently, seeks to abolish. (Laski, 1933, p. 215)

It is often said that democracy will not tolerate capitalism. If capitalism means here a competitive system based on free disposal over private property, it is far more important to realize that only within this system is democracy possible. When it becomes dominated by a collectivist creed, democracy will inevitably destroy itself. (Hayek, 1944, p. 70)
CHAPTER XI

THE MARKET SYSTEM

Fundamental to any understanding of capitalism must be an understanding of the market economy upon which it is based. It is the focus of the market system to coordinate supply and demand of the products in the marketplace. The market system is thought to ensure particularly efficient production because producers' output is a direct response to the demand of consumers. Demand is signalled by the consumers by what price they are willing to pay for an item. The rise and fall of price in response to the changing consumer demands is the signal utilized by market producers to quickly and efficiently shift resources from unprofitable endeavors to profitable endeavors. Producers respond to price signals because they are motivated by the profit incentive. Thus price is the signal that either stimulates or discourages production and it is the mechanism of price that allocates resources in a market economy.

The principle of free market simply means that there are no constraints on the freedom of demand and supply to determine price. Of course it is also assumed in the market economy that the consumer spending is autonomous and that the consumer votes with their money.
The Linkage of Market and Democracy

The historical dependence of polyarchies upon markets and private enterprise has no facile explanation. At first blush the linkage of private enterprise systems with polyarchy appears to be redundant since both systems are methods for control over public decisions. It is often proposed that the concurrent occurrence of democracy and capitalism is simply a historical coincidence. However, the simple fact that polyarchy only occurs in consort with a market system suggests that some type of linkage exists. Lindblom (1977, p. 162) makes a highly plausible case that they "are historically tied together in the forms in which they have arisen, ... both are manifestations of constitutionalism."

Historically, the contemporary pursuit of democracy is fueled by man's pursuit of liberty. To this end, man has sought to insure his liberties by instituting democratic regimes (polyarchies). Although the initial incarnations of constitutional liberalism were not associated with democracy or polyarchy, the movement slowly came to be identified with notions of popular rule in the latter 18th century as a means to secure constitutional restrictions on the privileges of government (Lindblom, 1977, p. 163).

As portrayed earlier, democracy was long held to be the means to achieve social equality. However, in the 19th century conflict between egalitarian and libertarian aspirations, the two schools parted company with the socialists (led by Marx) becoming the defenders of equality, while the liberals remaining in the democratic fold subordinated the
remnants of egalitarian tradition to those of libertarian tradition. From this perspective which stresses those forms of popular control that serve liberty, the appearance of (private enterprise) market systems along side polyarchy does not seem so surprising. "For much of the fuller development of personal liberty that men have sought is freedom to engage in trade and to establish enterprises to pursue the gains of trade, freedom also to move about, to keep one's earnings and assets, and to be secure against arbitrary exactions" (Lindblom, 1977, p. 163). The constitutional liberalism that polyarchy is a component of, is itself based on the promotion of a set of institutions designed to assure individuals the freedom to enter into trade exchange. Such exchanges are perceived as vital if the individual is to have the means to develop and control their own life circumstances.

For Locke (and American revolutionary thought) the relationship of market and liberalism is tightly intertwined as a result of the perception that the basis of the "liberal constitutional state was property" (Lindblom, 1977, p. 164). The fact that property is one of the buttresses of market exchange, the role of the state was property protection—including the property derived from an individual's physical being. Thus Lindblom finds the association of liberal constitutional polyarchy and market to be no mere historical coincidence. "Polyarchies were established to win and protect certain liberties: private property, free enterprise, free contract, and occupational choice" (Lindblom, 1977, p. 164).
The Tenets of Market Systems

Private Property

The principle of private property establishes that all individuals are to be assured of the economic freedom to treat personal property as they so desire. This means that the individual is recognized to have the right to sell, to buy, to own, and to accumulate personal property in any of a variety of forms. Neither the state nor any institution or its agents may arbitrarily seize that property. However, it must be noted that liberal property theory distinguishes between the use and ownership of property; with only the latter being subsequently protected.

Exchanges in the market are built upon the notion of private property. Contained within the conventional liberal argument is the perception that private property in itself neither inhibits freedom, nor is it coercively established and perpetuated. However, this argument is seriously compromised by the fact that what method and to what degree the individual is capable of insulating themselves from the demands (degradations) of the market depends considerably on what they own and what they have to offer in the market for exchange.

According to the limited perspective of the conventional liberal view, exchange is a "conflict-free" transaction where each actor does as they please. Since no one is coerced into action, all social coordination results through voluntary exchange. However, this ideality of conception "is possible only because the conflicts over who gets what have already been settled through a distribution of property
rights in the society" (Lindblom, 1977, p. 46). Historical record indicates that the initial distributions were typically neither conflict-free nor non-coercive.

It has been proposed that in addition to the classical economic argument that property rights are an efficient economic tool in the democratic capitalist model, they "are maintained because democracy needs them for its survival" (Usher, 1981, p. 7). That is to say, property is respected in democratic society because it is "fundamentally at the disposal of the community to be used as the legislature decides" (Usher, 1981, p. 8).

Individual Freedom

The classical economic liberal case (i.e., that made by the adherents of free-market individualism of the 18th and 19th centuries) finds liberty to be the exclusive product of the market. However, "'freedom' and 'liberty' denote situations in which controls are not absent but are in some sense acceptable" (Lindblom, 1977 p. 45). That is to say, traditional capitalism does recognize that some constraints upon individual freedom are necessary so that one person's actions do not "take away from other people's freedom to act" (McLaughlin, 1987, p. 221).

In the traditional liberal economic arguments of Locke, Smith, and the Mills, individual response in the market system is based on the attractiveness that the proffered benefits hold for the particular individual. Hence the individual acts of their own volition when engaging in a market exchange and is therefore considered to be "free."
That is, the essential notion of freedom as advanced by capitalism, is "that a person is free if he is not coerced" (McLaughlin, 1987, p. 220). "The consumer is protected from coercion by the seller because of the presence of other sellers with whom he can deal. The seller is protected from coercion by the consumer because of other consumers to whom he can sell. The employee is protected from coercion by the employer because of other employers for whom he can work, and so on" (Friedman, 1962, pp. 14-15).

The freedom or liberty achieved in the marketplace by capitalism should not be misconstrued as being absolute; for some social control is always existent (Lindblom, 1977, p. 45). Instead "'freedom' and 'liberty' denote situations in which controls are not absent but are in some sense acceptable" (Lindblom, 1977, p. 45). As noted earlier, although certain kinds of freedoms are prerequisites for democracy and although democracy is a prerequisite for certain kinds of freedom; freedom and liberty are not necessarily implied in democracy.

Freedom in the classical free-market individualist tradition of Locke, Smith, and the Mills, exists because the individual actors in a market system voluntarily partake in an exchange only where each party perceives some benefit to be gained from the exchange.

Despite its many failings, ultimately the market system is still highly desirable from a functional standpoint. The market system shoulders the multifarious responsibilities of allocation that occur in society. In the absence of such a system, allocative functions would have to be undertaken by governmental authorities—a scenario that does not qualify as democratic in the Western sense.
The Allocative Function of Markets

In a democratic society, it is of substantial importance how decisions are made which concern the utilization of resources—how capital, land, labor, and materials are to be allocated among the myriad possibilities of productive activity. These essential economic functions are largely the providence of the market. Even more importantly, though, "the political function of the price mechanism ... was to dispense with the need for civic virtue and constitutional forms. It was to replace the personal and conscious in social life with the impersonal and automatic" (Lustig, 1986, p. 133). In its political role market performs the allocative functions necessary to society—it decides who in society gets what goods and opportunities. That is, the "assignment of people to slots in a hierarchy .... the assignment of property through institutions of inheritance, and ... the assignment of incomes to people" (Usher, 1981, p. xii) is all performed by the market. Usher's argument is that capitalism is necessary to democracy; that is, "the legislature cannot attend to the assignment of income and other advantages, except to a limited extent, without destroying democracy in the process" (Usher, 1981, p. xiii). On these grounds democracy is found to require an "assignment" method which is non-political. The point here is not whether political and economic systems function as independently (on "separate tracks") as Usher suggests, but rather that the market mechanisms provide a service to democracy that must in one way or another be accomplished.
In many ways, "markets do many things very efficiently. As classical economics correctly perceives, prices are often accurate signals of what consumers want and what products cost" (Kuttner, 1991, p. 262). The linkage of consumer interest to product value is the most accurate method to achieve a "real" value basis. Likewise it is an effective way to sidestep the hazards of isolation that befall centrally planned economies.

The Market and Private Enterprise

"Capitalism is sometimes called the private enterprise system because the private businessman stands at the center of the allocative process" (Leeman, 1963, p. 3). It is the individual who provides the businessman with the information and stimulus to decide the allocative ratios. By seeking to maximize his own "profit", the individual balances utility or satisfaction against actual costs (real costs) which appear as dis-utilities or lost opportunities. This freedom of choice (consumer sovereignty) is one of the key characteristics of capitalism. Just as consumers are free to spend their incomes as they see fit, so are workers free to work where they wish. Likewise those who control land and capital are free to utilize those resources as they see fit. In this way decision-making is highly decentralized while the incentive to work and produce is strongly motivated by the prospect of material gain.

It is precisely this motive of material gain that has led some theorists to argue that this orientation toward private gain predisposes citizens away from public action and public values. "In emp-
hasizing the primacy of competition and possession, it has obscured res publica and the need for participation" (Lustig, 1986, p. 137).

The market system which begat private enterprise and its attendant freedom of choice, fails in another crucial way that contradicts both the notion of "private" enterprise and the notion of "free" choice. These are the social costs that society at large must bare the brunt of. For example, the market mechanism has no way to assess the cost to society of foregone or postponed public facilities such as hospitals. Likewise, the market mechanism has no way to record the costs incurred through the consumption or destruction or pollution of natural goods such as air or water. Finally there are the future costs that result from market actions undertaken in the present. The cancer and diseases stemming from the Love Canal, New York, residential housing development built on a toxic waste dump and the large scale farming operations of the pre-1930s that transformed vast tracts of American prairie land into a barren waste-land and spawning ground for dust storms are two of the numerous examples history has recorded.
CHAPTER XII

THE HERITAGE OF THE AMERICAN POLITICAL ECONOMY

The Early American Democratic Milieux

The Legacy of Hobbes and Calvin

Discussion of capitalism and its relationship to the democratic state is without foundation until the atmosphere in which it was conceived is understood. Without engaging in a debate over the veracity of behaviorism, it appears that the social attitudes and perspectives brought by our Founding Fathers to the Constitutional Convention of 1787 played a considerable role in the shaping of our Constitution. Some scholars have even gone so far as suggest that our constitution grew from an amalgamation of Hobbes's philosophy and Calvin's religion (Hofstadter, 1955, p. 3). The propertied men who gathered in Philadelphia "had a vivid Calvinistic sense of human evil and damnation and believed with Hobbes that men are selfish and contentious" (Hofstadter, 1955, p. 3). Their solution to the negative orientation of human nature was to be found in the control offered by a good political constitution. However, they also brought with them the populist ideal of a people able to, as John Adams said, "think, feel, reason, and act" on their own to wrest control of their communities from "a distant and usurpative state" (Morone, 1990, p. 5).

One of the essential goals of the new Constitution was to curb
the tumultuous and changing post-1776 popular spirit. It was well recognized that "democratic ideas are most likely to take root among discontented and oppressed classes, rising middle classes, or perhaps some sections of an old, alienated, and partially disinherited aristocracy, but do not appeal to a privileged class that is still amplifying its privileges" (Hofstadter, 1955, pp. 4-5). Against this backdrop was the fact that neither in America nor Europe were democratic ideas "respectable to the cultivated classes" (Hofstadter, 1955, p. 5). Coinciding with, and ameliorating their general disdain for democracy, was the fact that the Founders "were intellectual heirs of seventeenth-century English republicanism with its opposition to arbitrary rule and faith in popular sovereignty" (Hofstadter, 1955, p. 5). Hence as much as democracy on the left appeared undesirable, so did the alternatives of the right where mentions of both military dictatorship and monarchy rule renewed the bitter memories of the revolutionary struggle. Simultaneously pressure was felt from public sentiment based on Hobbesian predilections that any kind of government had to be acceptable if anarchy and reversion to the state of nature were to be avoided. Unwilling to abandon republicanism entirely and not wanting to exclude the masses from participating in making the laws which they were to obey, it was widely accepted among the Founders that government could not legitimately proceed from any source other than the people (Hofstadter, 1955, p. 6).

Given their negative perception of man's nature, the Founding Fathers thought that "it was too much to expect that vice could be checked by virtue; the Fathers relied instead upon checking vice with
vice" (Hofstadter, 1955, p. 7). The Founders were not as optimistic about the political arena as the political economists of the liberal school who asserted that private vices by the laws of providence, could become public benefits. The Founders remained convinced that "if, in a state that lacked constitutional balance, one class or one interest gained control, they believed, it would surely plunder all other interests" (Hofstadter, 1955, p. 8). On these grounds what was sought was "balanced government" which built on the "principals of nature" and so constructed that by the relationship of the component parts each would serve as a check upon the other. Interest would be checked "with interest, class with class, faction with faction, and one branch of government with another in a harmonious system of mutual frustration" (Hofstadter, 1955, pp. 8-9).

The Structuring of American Government

The first step in this direction was federated government. Left unchecked by a system of mutual frustration, Madison in the Federalist 10 argued that the greatest threat to democratic society was posed by the majority faction, because without some sort of imposed restraint they would have the capacity to gain "complete ascendancy." To this end Madison proposed what was in effect pluralism—an extensive political society composed of manifold, localized, and vested interests which would be logistically and ideologically incapable of the concerted actions which would lead to oppression. The second step necessary for desirable constitutional government was to establish a system of representation. Though not original in his thinking, Jefferson's
rather unique political orientation made him a particularly strong advocate of representative government (Wiltse, 1960, p. 204). Madison articulated the majority opinion (albeit in civil cloaking) when he noted that such a system would have the advantage of filtering ("to refine and enlarge") the unstable and parochial passions of the masses which would otherwise dominate law making (Hofstadter, 1955, p. 9). The third step was as articulated by Adams, to neutralize aristocracy with democracy by playing the two against each other. Each would be given its own chamber of legislature which would be overseen by a neutral executive armed with the power of veto. Finally, crowning the whole package was an independent judiciary.

The Liberalism and Democracy of the Founding Fathers

"The constitution, which Americans venerate so deeply, is based upon a political theory that at one crucial point stands in direct antithesis to the main stream of American democratic faith" (Hofstadter, 1955, p. 10). From the popular perspective of contemporary America, democracy and liberty are virtually one and the same thing. However, for the Founders, the liberty they sought was threatened by democracy. From their perspective liberty was the outgrowth of property, not democracy. "Nor was the regard of the delegates for civil liberties any too tender" (Hofstadter, 1955, p. 11). On the economic front the constitutionalists—with an orientation more toward mercantilism than the economic liberalism of Adam Smith—were not seeking free trade in the modern sense; they thought the Articles of Confederation had offered too little regulation of trade. Rather,
the liberties that the constitutionalists hoped to gain were chiefly negative. They wanted freedom from fiscal uncertainty and irregularities in the currency, from trade wars among the states, from economic discrimination by more powerful foreign governments, from attacks on the creditor class or on property, from popular insurrection. They aimed to create a government that would act as an honest broker among a variety of propertied interests, giving them all protection from their common enemies and preventing any one of them from becoming too powerful. (Hofstadter, 1955, p. 11)

The freedom of individual property interests was perceived to result in the liberty for all men "worthy" enough to have property. Since this protection of property rights was considered merely the protection of "men in the exercise of their natural faculties" (Hofstadter, 1955, p. 12), freedom to hold and dispose of property was the foremost liberty. Unrestrained democracy was thought "sure to bring about the arbitrary redistribution of property, destroying the very essence of liberty" (Hofstadter, 1955, p. 12). The "democracy" sought by the Constitutional Fathers, was "a system of government which directly expressed the will of the majority of the people, usually through such an assemblage of the people as was possible in the small area of the city-state" (Hofstadter, 1955, p. 12). Inherent in this conception of democracy was the belief that democracy is never more than a transitional phase in government which devolves into either tyranny or an aristocracy.

Property was what the Founders thought government was based upon—men who did not have property were perceived as being unstable or unreliable citizens because they had no stake in society. Although the many small land owning farmers had been rather radical in the past, the constitutionalists thought that their stake in society was great enough to make them a safe and responsible body politic. When the Founders
"spoke of the necessity of founding government upon the consent of 'the people,' it was these small property owners that they had in mind" (Hofstadter, 1955, p. 14). It was a coalition of Southern planters and Northern merchants that planted the seed of democratic participation in the field of American governmental policy and derailed the original intention of the Founders to maintain a distinctly limited partnership in the governance of the state. Over time, "the mainstream of American political conviction deviated more and more from the antidemocratic position of the Constitution-makers" (Hofstadter, 1955, pp. 14-15).

Contemporary American Democracy

"Democracy does not guarantee a 'good,' 'fair,' 'just,' society. ... In fact, democracy does not necessarily embody any absolute value at all" (Bealey, 1988, pp. 8-9). It seems to be popular opinion, especially from liberal quarters, that democracy embody the values of goodness and right. Rather, democracy provides the preconditions and procedures that permit such issues to be debated; that is, it establishes the cultural and institutional framework within which the demos may articulate such values. Moreover, it offers a controlled forum in which the inevitable conflicts of values may take place. Issues of goodness, rights or social justice are matters of opinion. In a modern democracy, such matters are virtually certain to assume a permanent place on the agenda of the state.

The association of democracy and freedom can often be deceptive. The civil liberties or the democratic freedoms which are necessary for democracy, require the conviction and support of great numbers of
people. In this way individual and minority freedom is contingent upon mass acceptance and toleration. Democracy does not assure contentment for all citizens, rather, it assures only that those citizens who are dissatisfied may express their opinions. Thus democracy offers opportunity for the expression of opinion, but not necessarily the opportunity for acting out that opinion (Bealey, 1988, p. 9). The primary function of democracy is as a principle and method for adjudicating the conflicts that arise when one individuals' freedom impinges upon the freedom of another (Dahl & Lindblom, 1953/1976, p. 41). Democracy in itself is incapable of solving the myriad problems of social and economic inequality which face democratic society today. Instead, the advantage of democracy is that it provides a relatively open forum and procedure for solving such conflict. The irony of democracy is that in order to effectively pursue freedom for the masses, it must build a hierarchical bureaucracy that is in direct contradiction of the principle it pursues (Dahl & Lindblom, 1953/1976, p. 42). "Growth in government is often equated with lessening freedom, accompanying controls and regulations have potential to restrict individual opportunity. Yet, for some people government programs are means that create opportunity and provide personal freedom." (Markovich & Pynn, 1988, p. 221).

The equality associated with democratic tradition is at most political equality in governmental decisions—originally at the Constitutional Convention it was barely a legal distinction (Hofstadter, 1955, p. 12). In many other circumstances, political equality would either be disastrous or ineffectual. Consequently, political
equality is often foregone so that organizational goals can be achieved. The idea behind political equality is that "whoever controls government can enforce decisions on other organizations: (Dahl & Lindblom, 1953/1976, p. 42). However, the American fear of public power as a threat to liberty has resulted in government which "is weak and fragmented, designed to prevent action more easily than to produce it" (Morone, 1990, p. 1). With powers largely designed to rescind rather than thwart transgressions of the public will, the political system often appears subservient to exogenous influence from the economic system. Originally the idea was to restrict government power so that it could never be oppressive. However, the intentional crippling of governmental powers has resulted in a government that is "impotent when the citizenry asks that something be done" (Lindblom, 1977, p. 151). However, there is also some question (largely unanswerable) of past motive. "If we live in a system designed by the constitutional fathers to frustrate in large part the popular will, their success in doing so reminds us that even if we attempted a new constitutional convention the same consequences might follow" (Lindblom, 1979, p. 521). The Madisonian concern of the imposition of majority will over minorities should be construed as something other than noble in intent. Perhaps the populist sentiments Thomas Paine (with the partial sympathy of John Adams) held of the capacities of the people were not so widely believed. Beyond the Constitutional Convention, "American traditions ... show a strong bias in favor of equalitarian democracy, but it has been a democracy in cupidity rather than a democracy of fraternity" (Hofstadter, 1955, p. viii).
Much of the debate over what democracy was at some past point in history, seems to be used as an obfuscatory screen to maintain the status quo. History must be used with the proper motive and in the proper context. So used, the lessons of history are more than just important, they are crucial to the rational conceptualization of the strategy necessary for forward progress. Americans need to understand their past so that they can decide their future.

**Future Prospects**

The future prospects of democracy in America are not good. To say that democracy is in crisis is much more debateable. The perception of democracy in crisis has been existent for at least 90 years. But the issue so stated is too ambiguous to be of much value. Perhaps a more appropriate distinction would be the assertion that liberal democracy is in crisis, or perhaps that only the democratic component of our liberal democracy is in crisis. If the former is the case there is indeed great cause for concern. Alternatively, if the latter condition is what is lamented, there is probably less cause for concern. Given the collapsed threat of European and Soviet communism, and the boost that has given to the domestic health of the American liberal democracy as a whole (at least at the level of self-appreciation), liberalism seems to be as secure as ever with the U.S. in solitary reign as world superpower. Democracy on the other hand, in the American context, has taken a step backward in distributive justice (and humanitarianism). However, on a historical basis the immediacy of a decline in the democratic component alone does not appear to be
terminal. While Laski (1933) dealt primarily with the decrease in democracy, he admittedly did foresee as inevitable damage that the decrease or loss of democracy would cause to the modern conception of liberal democracy.

The present crisis is often cast as the result of the unhappy consociation of democracy and capitalism. This view is correct in nature, but wrong in detail. The conflict between democracy and capitalism is not the cause of the democratic "crisis", but rather a result. While "capitalism is persistently at odds with values of equity, fairness, political equality among all citizens, and democracy" (Dahl, 1990, p. 83), the culprit is the tenuous marriage of liberalism and democracy. "After their happy convergence in the last century, liberalism and democracy are coming again to diverge" (Sartori, 1987, p. 370). Liberalism has held democracy at bay, allowing the narrow and self-serving interpretations of the market economy to become the primary motive of most foreign and domestic political policy. Probably the bias of the founding fathers was limited both by intent and by circumstance. At one time America was the most egalitarian socio-political system known among extended states; past and present. However, the pervasive equality of the America that Tocqueville discovered was an accident of circumstance that had already long been under siege by the turn of the century (1800s). The waning of this basic economic equality represents a condition not foreign to what the Founding Fathers initially assumed (and promulgated) in the constitution. The constitutional creation of Madison's class of elites was not accident. The constitution was essentially designed to defend private
property and the right to inequalities of it. However, even today the American psyche does not seem to have much difficulty accepting considerable inequalities among individuals. Much more significantly, has been the economic evolution (revolution) that has occurred as a result of corporate growth (Lindblom, 1977). The inequalities sought by the founding fathers could not have fully anticipated the results wrought by corporations (although history has recorded their expression of concern on this matter). As a reciprocal of market consolidation, the opportunities of the many have decreased markedly while the concentration of wealth in the hands of the few has increased dramatically. It is as if the decrease in liberty is related to the decrease in equality. Less equality would seem to result in less people to take advantage of political liberty as a result of their low economic position. If it were possible to measure the potential for decreased opportunities and freedom, then the loss would be extreme. Fortunately, the potential loss is tempered by a reality based on the fact that no matter what the extent of economic backing, there is a point at which the cost/benefit result of the imposition of will is not acceptable (Dahl, 1983; Lindblom, 1977). Control—whether it is through exchange, persuasion, or authority—is almost never without cost, especially where it must be imposed (Lindblom, 1977, p. 19). That is, in an exchange system, "every attempt to control someone ... is costly because something of value has to be offered in order to induce the desired response" (Lindblom, 1977, p. 50). In this way the opportunity costs of control, especially in an exchange system, may often become too high to make control worth while. Alternatively,
where control is worth while it can often lead to a loss of opportunity that yields considerable individual frustration and possible alienation.

American Political Liberalism Revisited

In an attempt to identify the polity type created in America more than 200 years earlier, Dahl (1956) developed the concept of Madisonian democracy. However, Sartori cuts with felicity through the semantics surrounding Madisonian democracy, and asserts that "so-called Madisonian democracy is liberalism pure and simple" (1987, p. 371). Without doubt liberalism as it is known in both the historical and European sense is firmly ingrained in American political practice. "The American constitution--according to European standards--is the prototype of liberal constitutionalism in the classic and strict meaning of the term" (Sartori, 1987, p. 370). By definition then, the American Constitution may be seen as leaving little room for democracy.

It is enlightening to note that the label of liberalism was never used by the founding fathers for the polity they created. For them America was first and foremost a republic and only secondarily a democracy. From the eyes of the religious dissidents who came to America for freedom from persecution, it is easy to understand the appeal of the liberal state. "But the liberal state, though it represented a definite gain in social freedom upon any previous social order, was in fact no more than the exchange of one privileged class for another. And its refusal to link political liberty with social equality had grave consequences" (Laski, 1933, p. 62).
Relatively early in the American democratic experience, a settlement between the competing principles of liberalism and democracy (egalitarianism) was reached; with primacy maintained by the liberalist position as the two were merged. That is not to say, though, that the fusion of liberalism and democracy is a static relationship—to this day the two positions vie in method and ideal, and most importantly, in the American psyche.

Although in the tradition of the Founding Fathers, liberty has long been thought to be incompatible with democratic equality, the two principles have proven more durable and amicable in the scheme of American society than might be expected. The tenacity with which democratic equality is gripped in the popular mind is admirable, but its haphazard methodological application defies rational explanation without recourse to class (income and wealth) differentiation. The difficult persistence of the "democratic wish" appears to signify that the demos—with their general disdain of big government and amenability to significant economic inequality—has never understood the linkage between economic democracy and political democracy or economic liberty and political liberty, and the subordination of one to the other.

Contemporary Liberalism

"The variety of liberal theory that provides the principal justifying account of contemporary representative or liberal democracy argues that government is a contract for the safety, convenience, and prosperity of the contracting parties" (Elkin, 1985a, p. 1). Society in this context, is built around individual autonomy. Perhaps more
importantly, "society is viewed as directing the state" (Elkin, 1985a, p. 9).

The state is viewed as liberal because of the optimistic attitude held for the role of government in promoting the good of society. Government exists in a positive and broadly encompassing role. Liberals such as Lowi describe American liberalism as "interest group" liberalism "because it sees as both necessary and good a policy agenda that is accessible to all organized interests and makes no independent judgement of their claims" (1969/1979, p. 51).

Liberal Perspectives

Over time, liberalism has varied in its view of both democracy and capitalism. For some conservative scholars (Bealey, 1988, p. 25) the inter-relationship of liberalism and democracy is considered to signify less than a liberal democracy. In this setting democracy is considered liberal only "in the sense that freedom of expression and political rights for all citizens are necessary preconditions" (Bealey, 1988, p. 26). This position maintains that in contradistinction to its requisite of freedom of expression and political rights, democracy does not guarantee the social and economic development of the individual or even minority groups of individuals. Since the democratic state is restrictive in this way, it is inaccurate in a strict sense to call such governments liberal democracies.

The existence of the state ("stateness") poses a considerable challenge to the liberal concept of the "workings and purposes of Western societies" (Elkin, 1985a, p. 9). Mainstream liberals can be
essentially divided into three groups in their response to this challenge. Given free reign the first group, the radical liberals\(^1\) would go back to what they perceive as the origin of liberal society. It is their argument that the growth of the democratic state needs to be reversed because the accompanying increase in bureaucratic authority (and collective decision-making) has had the effect of diminishing liberty. To regain the lost liberty, society must be restructured with much less reliance upon collective decision-making and much more reliance upon contractual agreements and private cooperative pacts.

The second group, the expansionary liberals as Elkin (1985a, p. 10) calls them, believe in an activist role for the democratic state. This group can be divided in two sub-groups: the optimists and the not-so-optimists. In the eyes of the expansionary optimists, the rise of the democratic state is perceived as an opportunity to turn public authority toward the creation of the rights based society that liberalism promised but never delivered (Elkin, 1985a, p. 10). From this perspective the state is not the enemy of individual autonomy, but rather, the ally and potential guarantor of individual autonomy through the application of law and legislation. In this circumstance "the distinction between state and society is not to be dissolved, but the balance is to shift so that the state is the creative element that remakes society in the state's liberal image" (Elkin, 1985a, p. 10). Subscribing to and promoting this view are Dworkin (1977) and Rawls (1971).\(^4\)

The not-so-optimistic expansionary liberals harbor the hope for the capacity of the state to temper the arbitrary exercises of private
power. Their hope is restrained as a result of what they consider as the limited degree of social rationality, the limited ability of government bureaucracy to solve social problems, and the difficulty of controlling political leaders (i.e., removing or insulating them from the clutches of big business so that they can make the necessary reforms). Despite these serious limitations, they find state authority to be the only plausible recourse to achieve revision of current property relationships and the internal structure of business corporations which in current forms place severe limitations upon liberalism's promises of freedom and popular control of authority. Falling into this group are: Dahl (1982, 1986), Lindblom (1977), Dahl and Lindblom (1953/1976).15

Finally, and again in the words of Elkin, are the "chastened liberals." The liberals of this genre worry that an activist state will ultimately lead to a breakdown in the distinction of state and society, public and private that will end liberalism. By their summation, a state that has the capacity to regulate everything is likely to move in a fashion that is both arbitrary and conducive to the production of unwarranted privilege. It is their assertion that the administrative state can be a positive attribute if it is restrained and channelled through constitutionalism. However, constitutionalism for the likes of Lowi, "means freeing public authority from the power of interest groups and tying it to explicit statements of public objectives that are offered by the legislative process" (Elkin, 1985a, p. 11). It is Lowi's view (1969/1979) that the discretionary authority

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granted to state officials is of limited scope as interest group preferences consume the vast majority of it.

The Failure of Interest Group Liberalism

In part through the pluralist model, the American public came to see the state as an acceptable repository of power in capitalist society; but the doctrine of pluralism also had the effect of "reducing the essential conception of government to nothing more than a set of mere interest groups" (Lowi, 1969/1979, p. 36). This unintended result of pluralism was largely the outgrowth of one of its primary propositions: a society which is pluralist intentionally breaks the contiguous link between the political world and the socioeconomic world in order to frees politics. Pluralism did not foresee though, that "in a pluralist society there is also a discontinuity between politics and government" (Lowi, 1969/1979, p. 36). The same variables of competition and multiple sources of power that freed politics and society from each other, also freed government from society as well as politics. The capacity of pluralism to neutralize most centers of power effectively enough to keep them within the reign of formal structures of government, was exactly its appeal to Madison in earlier times. Madison's use of group competition was a means to regulate group activity and to protect governmental authority from control by any "majority." It was a technique to limit social movement by the masses. However, Lowi tells us, contemporary pluralism has lost sight of this function with groups attaining a stature of virtue and power that qualifies them to be accommodated rather than regulated (Lowi,
1969/1979, p. 36). With this change in contemporary pluralism dissolves the notion of separate government—once the cornerstone of the pluralist credo. The recantation of pluralist promise to provide an automatic, autonomous, and largely self-correcting political process has had the end result of leading to a crisis of public authority (which remains beyond the scope of this discussion).
CHAPTER XIII

CAPITALISM AND ITS CONTEXT

Pluralism and Capitalism

At the nucleus of capitalist theory there is the notion that power and control are attributes of the state. On these grounds state action is to be both feared and resisted. What capitalism has failed to assess is the nature and significance of the other institutions in industrial society that have power and control (Lowi, 1969/1979, p. 31). In America it is the pluralist model which has finally done this, and in doing so, has dismantled the capitalist notion of government being the only source of power and control. The distribution of power and control under pluralism is ubiquitous. As a result of this, and at the same time pluralism rejects the capitalist notion of a single source of power, it rejects the notion (capitalist) of a natural distinction between the functions of government institutions and the functions of nongovernment institutions.

Pluralism recognizes that in industrial society there exist numerous other sources of power and control than the state. In such highly differentiated society, the multitudes of basic interests are represented by organizations which are both willing and able to exercise power. Pluralism accepts with equanimity the expansion of government precisely because it recognizes the highly differential sources of power in society. That is, the existence of these numerous
and well organized interests, guarantee the impossibility of a unitary society.¹⁶

In describing the industrial society before him, Tocqueville in *Democracy in America* articulated the pluralism already recognized in spirit if not in name by Madison 50 years before in the *Federalist 10*. Both recognized that through the process of industrialization a great social diversity, replete with extremes of wealth and poverty, would be produced (Lowi, 1969/1979, p. 33). This social diversity (pluralism) "breaks the deterministic link between economics and politics: In the pluralist system, modern developments have brought about a discontinuity between that which is socioeconomic and that which is political" (Lowi, 1969/1979, p. 34). Thus politics in the pluralist model being no longer the result of socioeconomic existence, becomes autonomous as a result of the increasing numbers competing social units and the degree of their independence.

The strength of pluralism comes from a variety of quarters. First, it recognized the unequal competition among groups to be a reality of modern life. Second, the modern pluralist model has more than neutralized the traditional Madisonian fear of government—as long as there are many factions competing for the indulgences of government, there is little to fear from government. In fact, government could be considered favorably because there are many factions in competition for its favor. Third, pluralism, just like the orthodox economics of Adam Smith, functions in a mechanistic (and hence automatic) fashion. Moreover, the politically mechanistic way pluralism works, serves to also reinforce the acceptance of government while holding it distinct
from the economic arena (Lowi, 1969/1979, p. 35). It should be noted that pluralism's loose incorporation of positive government placed it initially in ideological conflict with capitalism. Since then, ideological moderation (especially in the capitalist position) has lead to the reconciliation and merger of the two positions. This merger was possible only as a result of the substantial redefinition of the traditional American hostility toward government. Principles concerning the separation of government, the coerciveness of government, the legitimacy of government, and the administrative importance of government, were all destroyed (Lowi, 1969/1979, p. 40).

Capitalism and the Democratic State

From the preceding discussion, it should be evident that "democracy is both a vital form of and an essential means to liberty and equality" (Dahl, 1986, p. 8). What remains is the issue of how capitalism augments these values as well as democracy itself. From the onset it is apparent that there are a number of conflicts in the doctrinaire positions of democracy and capitalism.

Traditionally capitalism is heralded as the system that produces the most efficient mode of economic organization; that is, it produces the most economic goods (McLaughlin, 1987, p. 218), and the optimal opportunity for individuals to realize freedom. Classical (liberal) economic theory equates capitalism with an economic system that is a collection of many small private enterprises, none of whom can significantly influence market price or total amount sold. It carries from the market economic the presumption of private decision making.
The government was not viewed as a legitimate participant in the economic arena until the neoclassical economists assigned limited tasks to government that would directly or indirectly promote business activities without significantly interfering in the economy. Under this scheme the government was to correct "improper market settings," limit monopolized competition, and provide those public goods which the private sector was incapable of supplying (or unwilling to supply).

In its modern context, it is apparent that capitalism (even with the Keynesian modifications) is fraught with problems which range from market inequities and instabilities, to power concentration, insecurity, displacement of social priorities, and consumerism. Some of these problems are economic in orientation and others are political in orientation. The actual classification of the origin of the problem is not nearly as important as the recognition that these two perspectives exist and that both of them affect our system of government. Newly evolved aspects have taken on significant stature. More than ever, it has become apparent that "to maintain a clear distinction today between politics and economics is simply not possible" (Markovich & Pynn, 1988, p. 18).

"The distinguishing feature of liberal democracies is the division of labor between market and state" (Elkin, 1985b, p. 179). With ownership and control of the means of production being essentially posited with the private sector, the capacity to initiate and alter major social decisions is placed in the hands of corporate owners and corporate managers. In this way the private sector is afforded considerable latitude in shaping decisions which because of their
social impact would otherwise be considered public policy decisions. (Lindblom, 1977, p. 171). By relegating such decisions to the private sector, social well being becomes dependent on the market.

In the traditional theoretical perspective of democracy, the focus is upon the individual in their capacity as citizen. Occurring simultaneously, but in contradistinction, is the traditional perspective of classical and neoclassical economics which focuses upon the individual as both the producers and the consumers of goods and services. Although the two positions appear to be separate, they are in reality inextricably intertwined with each other. The difference in perspective arises from the primacy each perspective gives to one aspect over the other. Given this inter-relationship, the democratic perspective cannot rationally ignore the fact that individuals are also have a role (often competing) as producers and consumers. Likewise, the economic perspective cannot overlook the fact that its producers and consumers exist in a structured political system.

A second difference between the two perspectives arises from the demarcation of their respective spheres of influence. The boundaries of the political system are much more clearly delineated system than those of the economic system. Specific liberties, equalities and obligations depend on the individual either being inside or outside the political system, while the individual in the role of producers and consumers exist in a more indefinite, almost unbounded economic system (Dahl, 1986, p. 8) that may extend the world over.

Third, the traditional motive of the individual (citizen) in political aggregation, evolves from a calculus based on reason and
ration as well as irrational and primordial stimuli. In contrast, traditional economics perceives that "the producer/consumer is—in the theoretical imagination, if not in actuality—a supremely rational computer forever calculating and comparing precise increments of gain and loss at the margin, and acting always to maximize net utilities" (Dahl, 1986, p. 9). Hence an emotive feeling such as brand loyalty is uncharacteristic of rational economic actors recognized by traditional economic theory.

Fourth, democratic process contains a "crucial axiom" which stipulates that citizens should have equal political influence in matters of state governance. That is, democracy requires that the opportunity for each citizen to exercise influence over the decision-making process of the state, is distributed equally. Conversely, within traditional capitalism relationships based on power and authority do not formally exist, but traditional capitalism does accept vastly unequal distribution of effective consumer demand. Instead, these functions are subsumed by market exchanges and contracts which are freely undertaken by rational actors with rational motive. "Nor in the standard version [of economic theory] is an equality of economic resources, which might help to facilitate political equality among citizens, and thus democracy, necessarily a desirable goal, much less a likely outcome of market decisions" (Dahl, 1986, p. 9). Additionally, the democratic vision of political equality is maintained by a group of legal and constitutional prescriptions which essentially guarantee certain rights, opportunities, (as well as obligations) to each citizen. By contrast, under the classical and neo-classical
economic doctrine of capitalism, the role of the state is to lay down and enforce only those rules (such as those governing contracts, property, and collusion) which are necessary to the operation of a market system.

Fifth, within the democratic vision "the freedom achieved by a democratic order is above all the [primary] freedom of self-determination in making collective and binding decisions" (Dahl, 1986, p. 10). Democratic freedom then, is the freedom to establish the laws and regulations which will govern how individuals will live together as citizens. "Democratic liberties therefore include all rights, opportunities, and obligations necessary to self-determination in collective decisions" (Dahl, 1986, p. 10). It is implied that in a democratic society resources should be employed as necessary to ensure political equality. In contrast to the democratic vision of freedom, economic freedom is to be achieved in the setting of a competitive and privately owned economic system, where the primary freedom is a freedom of choice that occurs in the market place. Having freedom of choice means that consumers are free to choose among goods and services; that workers are free to contract their labor with employers in return for wages; and that producers (businessmen) are free to compete with others in the provision of commodities and services as well as in the acquisition of the resources necessary to produce them. In the economic arena the goods and services which consumers are free to consume, is directly dependent upon their income—which is without question not distributed equally. The issue unfolds as income and wealth are recognized as political resources.
If they are distributed unequally, then how can citizens be political equals? And if citizens cannot be political equals, how is democracy to exist? Conversely, if democracy is to exist and citizens are to be political equals, then will democracy not require something other than a capitalist economic order—or at the very least a pretty drastic modification of capitalism. (Dahl, 1986, pp. 10-11)

There is one final issue between democracy and capitalism that has received increasing attention among mainstream political theorists recently. In the interplay of democratic liberty and equality that occurs in the association of democracy and capitalism, the question of how businesses—given their role of prime social actors—should be internally governed. From the perspective of traditional economic theory, this question is quickly answered along the lines that since government does not exist in private business, no leadership exists which is empowered with power and authority—this function is appropriately performed by contacts and exchanges between employers and employees. It is the assertion of mainstream revisionists like Dahl as well as Lindblom (not to mention numerous participationists of every variety) that the traditional democratic perspective is lacking on this point because it does not recognize the internal governance of a business firm to be a government in the same sense as that body which asserts governance over a democratic state.

Today the modern American capitalist system bears little resemblance to the traditional image of a collection of many small private enterprises, none of whom can significantly influence market price or the total amount of goods sold. Modern productive enterprises have taken advantage of opportunities made possible by modern technology and grown to a scale previously unknown; with the result that modern
capitalist systems are now "typically industries now are composed of large producers who can significantly control market conditions" (McLaughlin, 1987, p. 218). Furthermore, modern governments regularly attempt to manipulate the economy through direct and indirect intervention. Even if it were possible to return to nineteenth century capitalism (and it is not), there is little evidence that it is a necessarily desirable consideration for contemporary America. Americans must consider whether capitalism is in fact capable of offering what it promises; but more importantly, they must consider if capitalism in a past or present form is really what they want for their future.
CHAPTER XIV

FREEDOM AND EQUALITY IN CAPITALIST SOCIETY

The Promise of Capitalism

America was established as a liberal democratic polity where liberalism and democracy were to be realized in the political arena. It has often been claimed that the economic arena is not to be constrained by such guidelines. However the limitations of this argument have been countered innumerable times and with extensive documentation showing a simple and relatively direct relationship between political power and economic power. As described in a preceding chapter, the attitudes of the Founding Fathers make this relationship, at least in part, one of intent rather than accident.

Substantial debate surrounds how much freedom capitalism affords to individuals and how efficiently capitalism allocates goods and services in society. Some scholars such as McLaughlin (1987) argue that the freedom of capitalism is illusory, and that capitalism is fundamentally based on "manipulation and coercion"; yielding a system that is antithetical to human freedom. Conversely, Friedman argues that a competitive capitalist economy goes a long way toward providing people with "what they want instead of what a particular group thinks they ought to want" (1962, p. 15).
Freedom Under Capitalism

As portrayed in a preceding chapter, the system of capitalism provides the freedom of choice. The notion of the freedom contained in the capitalist system is proposed in contradistinction to an authority system where the individual is assigned to engage in an exchange regardless of the benefit derived (i.e., they have no "choice" in the matter). Thus, "the capitalist ideal of freedom is simply that whatever alternatives exist, the degree to which people are free is solely a function of whether other humans prevent an agent from pursuing the alternative of his choice" (McLaughlin, 1987, p. 222).

One of the most widely articulated objections to classical liberal economic claims of freedom, is that the position ignores the secondary effects of a transaction upon persons who are not a party to it. Even without resort to the third party arguments, the classical liberal economic position fails in a number of situations.

The presence of options (choice) does not guarantee freedom in any more than the most rudimentary existential sense. Moreover, "if freedom is taken simply as the presence of options, everyone is always free, and always will be" (McLaughlin, 1987, p. 222). For example, how much property one owns determines the position from which they may bargain. An individual who has considerable assets is in a far stronger position to negotiate favorable terms of exchange than one who has no assets and lives hand-to-mouth. Authority in exchange is another source that limits liberty in the classical sense. Since most business enterprises are typically organized in a hierarchical fashion,
most people (at least those who live in a nation-states with developed
market systems) spend their working hours with their freedom limited by
the authority systems of their employer. "An organization in which few
men command thousands of others in the standardized patterns of
bureaucracy does not nourish freedom" (Lindblom, 1977, p. 47). The
market system also abridges freedom through the impersonal (automatic)
coercive pressure it places upon the individual to labor by necessity
of survival. Classical liberal economics viewed the impersonal
coercive pressure that the market system placed on the individual as
one of its greatest virtues. Combined with the impersonal pressure of
the market system, there is also a degree of personal coercive pressure
that grows from livelihood being a contingent variable in the exchange.
Arrangements of personal coercion which compel everything from a wage
kickbacks to the "contribution" of personal services are especially
likely to occur in labor markets with severe unemployment. Coercion
may also occur with the unilateral dissolution (termination) of an
existing exchange relation. Finally, the range of alternatives
(choices) available to the individual can be limited by design; that
is, "coercion can be covertly accomplished by systemic structuring of
alternatives" (McLaughlin, 1987, p. 222). Hence, "liberty in market
systems exists only if everyone is able to escape coercion at the hands
of any one buyer or seller by turning to another" (Lindblom, 1977, p.
49).

Freedom in the words of Barber is "the condition enjoyed by
citizens in control of their common destiny; obedience to laws in whose
making there is significant participation; compliance with public goods
legitimized by public deliberation and common consciousness; the reward of a vigorous life of political participation and civic activity" (Barber, 1986, p. 44).

Equality Under Capitalism

Capitalism contains basic values that make it the natural enemy of democratic equality; and in many ways, limit its usefulness in political contexts. "Capitalism requires a competitive individual, one who gets satisfaction from outdoing others. Capitalism does not run on love and cooperation" (McLaughlin, 1987, p. 229). Additionally, capitalism is largely motivated by materialism—the notion that happiness is achieved by possessing more and more material things—which hardly fosters attitudes conducive to political organization. In short, the markets within the system of capitalism "tend to crowd out social values" (Kuttner, 1991, p. 263).

From the traditional classical perspective, those individuals who are extraordinarily enterprising, industrious, innovative, efficient, or lucky, are rewarded under capitalism through increased opportunity in the form of monetary reward. In this role reward and incentive are fundamental components of a market system—indeed, they are what provide the impetus to sustain and advance the market system. Adam Smith, whom many consider the father of the market system, believed that the systemic inequality breed by the market system would not be detrimental to the system because as the individual harvests the fruits of success, they sow significant portions of that return back into society thereby promoting the well being of society. Certainly
the inequality that accompanies systems based on monetary reward is a systemic movement in a direction diametrically counter to the democratic wish for equality.

Capitalism also has a fundamental Darwinian aspect to it that is essential to its efficiency (not to be confused with the social Darwinism of Herbert Spencer). Given free reign, capitalism forces the demise of the weak and inefficient/unprofitable and promotes the strong and efficient/profitable. This is positive where it maintains market efficiency and lower prices in the near term. However, unfettered capitalism leads to the concentration of power in the hands of a few thereby eliminating meaningful competition. This ultimately monopolistic trait inhibits the realization of democracy to a significant degree.

Capitalism is further besieged by the perception that reliance upon the mechanism of monetary reward corrupts the moral goals of society by equating income or wealth with the successful life. The productive motivation which is often thought to come from income differentials should rather be seen as a result of personality traits which are modified by cultural and situational circumstance (Lindblom, 1977, pp. 43-4). "Empirical evidence reveals no clear association between degrees of income inequality and differences in work habits, or diligence" (Lindblom, 1977, p. 44). Even if an inequality of income were justifiable as a reflection of individual superiority or achievement, this is rarely the case. Usually such an inequality is not a reward for individual efficiency or industry but rather is acquired through inheritance, capital gain, speculation, monopoly power, or

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More problematic for the democratic aspirations than the unequal distribution of income, is the even greater inequality of wealth. Typically the wealthy inherit a substantial portion of their assets which they in turn use to generate additional wealth. Conversely those who are less than affluent are forced by the necessity of life in modern America to "invest" in disposable goods (like automobiles) which lose income. The amount of poverty in a society is highly reflective of inequalities in the distribution of wealth and income. One cannot ignore the unequal distribution of power that accompanies considerable wealth and income for "it undermines the precepts of a society that highly values dispersed power and equality of treatment" (Markovich & Pynn, 1988, p. 216).

Finally, and again in the words of Barber, equality is "the status enjoyed by citizens who share the burdens of public responsibility, who participate in the determination of public goods and common ends, and who treat each other with the respect that comes from knowing they belong to one another, share a common destiny, and can be free only by creating just participatory communities. There is no freedom without equality, no equality without autonomy. Only the equality of citizens can overcome the natural inequalities of the human condition; only the autonomy of democratic citizens can overcome the natural insufficiency and the illegitimate dependence of essential human nature" (Barber, 1986, pp. 44-5).
Freedom Versus Equality: The "Grand Choice"

As was conveyed by the title of Schumpeter's 1942/1976 book (Capitalism, Socialism, and Democracy), there devolves a dualistic competition which forms one of the most crucial dilemmas of modern political economy: "is democracy to be understood as the political expression of capitalism or of socialist socioeconomic structure" (Barber, 1986, p. 22). For Barber, such dilemmas as those arising over the basic question of whether democratic life is to be defined by freedom and individual rights or rather by equality and social justice are relegated to a secondary status because the primary issue of whether society shall be directed by the political or economic system remain unsolved. The debate of democracy and its future is for authors such as Hayek 1944 and Schumpeter 1942/1976 a grand economic choice between "liberty" and "equality" while for Barber it becomes a choice of systems--political versus economic.

In Barber's words "the grand choice classifies the social world and its defining constructs into two polar camps: Locke's camp, in which can be found individualism, freedom, rights, the private sector, voluntary exchange, the market, and private interests; and Marx's camp, in which are found collectivism, planning, social justice, the public sector, state coercion, rational society, and the public good" (1986, p. 24).

Although a discussion of socialism in general, and Marxism specifically, remains beyond the scope of this paper, the existence of the position(s) means that by default they must be considered. That is
not to suggest though, that the "grand choice" is one of simple opposites—a question of black or white. To the considerable extent that each system is capable of adopting attributes of the other, the dichotomous choices become questions of degree.

Liberals and libertarians such as F. Hayek, M. Friedman and R. Nozick all prescribe programs based on Lockean arguments and Enlightenment principles. Although their arguments are contentious and vary considerably, for the ilk of Hayek, Friedman, and Nozick, political liberty depends on economic liberty which in turn is dependent upon the limitation of politics and its coercive statist institutions. From this perspective what is public is simply the aggregate of what is private. The pursuit of social justice is best achieved through the pursuit of individual interest. "If government is a contract and democracy a method of safely enforcing its ends—which are the preservation of life, liberty, and property—then capitalism, ... is the indispensable condition of democracy" (Barber, 1986, p. 23). Problematic to such positions, is that capitalism contains internal contradictions emanating from its basis in individual interest that serve to rive it from democratic goals. In addition to being ego-centric, capitalism is endemically supportive of social Darwinism—a condition which can hardly be construed as being conducive to "life." As for "liberty," capitalism is less than supportive—it disregards those liberties that are not economic. While capitalism does support "property," it does so only in the limited sense that it supports ownership—it does not address issues of use.
For egalitarians the "grand choice" remains the same as for the liberals and libertarians—if rights are chosen then equality is foregone; and if freedom is chosen then justice must be foregone. However, for extreme egalitarians, rights become a mask for privilege and freedom becomes a euphemism for monopoly power (Barber, 1986, p. 24).

It is Barber's argument "that because democracy is the repudiation of all economic thinking, it is undermined by both the capitalist and the socialist way of conceiving our choices" (Barber, 1986, p. 25). In his view, retreat to the grand choice bars democracy "properly understood" from being a significant option in political equations because it confuses the issue by promoting the notion that the choice is between types of economic systems, when in reality the choice should be between politics and economics.

**Economic Democracy**

There has been increasing interest among some mainstream scholars to argue that an alternative economic structure to American free-market capitalism, would "help strengthen political equality and democracy by reducing inequalities originating in the ownership and control of firms in a system like that we now possess" (Dahl, 1985, p. 4; see also Lindblom, 1977). While arguments of this genre are sometimes criticized because they are in essence the application of political solutions to economic problems, it is not evident at this level that the two are independent anymore.

From the conservative liberal position, freedom is the outgrowth of market relations. To produce this freedom, the market must be
deregulated. Taking the contrary stand, radical liberals (and socialists) argue that equal economic relations are necessary to achieve freedom and focus on democratizing the work-place. The problem with political solutions to economic problems is as Barber points out, that "if freedom and equality are political constructs, then the primary project is to democratize politics" (1986, p. 39). Once this is done, he contends that free and equal social relationships will spread to other domains. "Without a democratic politics, free markets will only disguise private power and illegitimate coercion ... . Without political freedom there can be no voluntary exchange hence no capitalism" (Barber, 1986, p. 39). Conversely, the common plans or public goods which form one of the central premises of democracy cannot realistically exist without political equality. Hence, the primary tenets of liberal democracy—freedom and equality—must be secured in the political arena if they are to exist in the economic arena.

The Economic Impetus for Government Intervention

There is considerable (and warranted) speculation over the health of capitalism today—a question which will be addressed in the next chapter. For the moment it is important to establish the impetus for government intervention from a social perspective insulated from national economic interests.

Government intervention is advocated on the basis that the Smithian "invisible hand" is indeed invisible and that markets are hardly the self-regulating paradigms envisioned by Adam Smith (1776/1976). Without government vigilance market systems are prone to
socially corrosive behavior. The allocation of the market system "does not add up to a socially defensible allocation of either private income or public investment. It does not efficiently or fairly distribute certain necessary social goods like education, health, or roads or research spending" (Kuttner, 1991, p. 263). It is Kuttner's opinion that a mixed economy with a large government sector can and does work effectively and would be capable of addressing such issues.

Although real-world examples of market systems are tempered by taxes and other programs of redistribution, their distribution of social goods largely retains the great disparities of earned income (i.e., income from wages, interest, rent, and profits) that theoretically pure forms of the market system would deliver. "In brief, pure free-market economies can be criticized for their ... inequality" (Kuttner, 1991, p. 4). However, "neither logic nor empirical evidence shows the impossibility--even the improbability--of reconciling a real-world market system with a greatly more egalitarian distribution of wealth and income" (Lindblom, 1977, p. 43).

"Perhaps the problem with capitalism [in America] is not so much capitalism itself but the way in which it has evolved. Concentrated economic power and inequalities in the system make government intervention mandatory, but incentives are needed to encourage investment and efficiency" (Markovich & Pynn, 1988, p. 219).
The Historic Setting

Post-Civil War America

In the late 19th century during the post-civil war period, American industry was characterized by the disappearance of small scattered producers and the emergence of large conglomerate enterprises. As control of most of the important industries became more and more concentrated so did the indiscretions committed by the new power brokers. In all probability it was the emergence of large scale industry and mass production that made possible the substantial improvement in the standard of living. It was not accomplished, however, without considerable cost to society. Widespread labor dislocation, social upheaval, and poverty were only a few of the costs of large scale industrialization and mass production. The result was that "industry's blatant abuses of power opened the door to government regulation" (Markovich & Pynn, 1988, p. 217). "Accompanying this concentration of industry was an equally striking concentration of income in the hands of a small percentage of the population" (Hunt & Sherman, 1975, p. 102).

The widespread economic carnage of the great depression served to shatter the previous American faith in neo-classical economic theory which held omnipotent the ability of the economy to regulate itself while providing full employment and price stability. What classical economic theory viewed as the "natural" series of boom and bust periods that create the capitalist business cycles were no longer acceptable. These aberrations whether temporary or not, were indeed to
be seen as relevant to long term stability and public policy. Shattered simultaneously with the classical economic theory was the belief that the appropriate government behavior was to do as little as possible to disrupt the workings of the market system. The new popular mandate that arose from the effects of the depression, meant that hands-off government policy was to formally give way to a policy of limited intervention. Government was to utilize its resources as necessary to counterbalance economic cycles by ensuring employment during those times when the economy itself could not reliably do so.

**New Deal America**

Growing out of the economic rubble and suffering caused by the depression, the New Deal has enormous significance in American political economy because of the precedence it established. "The Great Depression had discredited the idea that markets were self-regulating" (Kuttner, 1991, p. 16). Later, WWII demonstrated "the power of economic planning and the possibility of full employment" (Kuttner, 1991, p. 16) which further entrenched the New Deal motive.

While the technical aspects of the New Deal are enlightening, they are beyond the scope of this paper and can be allocated only a most superficial review. The buzzwords of the 1930's—the New Deal—were never specifically defined, but they were euphemistic with the economic intervention proposed by the Roosevelt (FDR) administration during the period 1932-40. These "antidepression" measures fell into three general categories of action. First, relief was sought for the hardships caused by the economic depression. Second, recovery of the
national economy was sought. Third, Roosevelt sought to reform those practices that he and his advisors regarded as inhibitive or harmful of the common good or general welfare.\(^\text{19}\)

The fact that as a tool of relief and recovery, the New Deal had only limited success is of far less importance than the philosophical change that it ushered in. The latitude and feeling of the prevailing popular mandate heralded a new outlook in American political administration—one that sought humanitarian goals, an openness to new ideas in the relationship of government and economy, and a willingness to expand federal powers as necessary to achieve the administrations' new ends.

In some circles "the New Deal legislation was seen as a patchwork approach to ensure the survival of capitalism and to stave off the economic ruin of the people" (Markovich & Pynn, 1988, p. 27). Under the New Deal the government was to be responsible for the economic welfare of its citizens. To this end, the government utilized a variety of means to provide temporary relief for millions of its citizens by stimulating economic activity and moving to check the abuses that had lead to the breakdown. More importantly, the New Deal introduced redistributive policies to transfer wealth from the advantaged members of society to the disadvantaged members of society. At the same time government also shouldered the responsibility for regulating those business and organizations whose size suggested the potential for the abuse of power. It is significant to note that the New Deal did not seek radical change through the reconstruction of society or even the economic machinery. Rather, New Deal policy was
implemented as incremental change.\textsuperscript{20} The New Deal "attempted only to reinvigorate the market system; every major institution was retained" (Markovich & Pynn, 1988, p. 28). This reinvigoration was to occur and be maintained as the government gradually intervened through conscious and deliberate action to offset the shortcomings of the market system.

In many ways the New Deal laws are seen as having curtailed traditional American individualism; and with them the government began regulating aspects of the polity's lives that had previously been considered both beyond its providence and expertise. It was into this new territory that J.M. Keynes stepped with his 1936 book \textit{The General Theory of Employment, Interest, and Money} which refutes (brilliantly) the classical economic position.

\textbf{Post-New Deal America}

The new providence of American public policy (since the 1930s through Reaganism) has been to directly cope with the recognized weaknesses of capitalism. Most of the problems facing American capitalism are "old" problems; only a few examples are "new" and the distinction is primarily one of frequency and severity with the examples having changed as a result of increased strains upon the system. The reasons why solution or even stasis have been so successfully elusive remain buried in the ideological foundations of our society. It does not appear to be a lack of experience in policy making that has kept American polyarchy from "advancing" on the "maldistribution" of income and wealth, poverty, racial inequality, health care, public education, inflation and unemployment, and
industrial relations" (Dahl & Lindblom, 1953/1976, p. xxi). Rather Dahl and Lindblom as well as others find that the continued display of "incapacities" and even "perversities" have a strain of malevolence that emanates from central parts of our system.

The Limitations of Government Intervention

Perhaps the most quintessential case for government intervention devolves from the natural boom and bust cycle of the market system. The effects of the natural boom and bust business cycles of the market led to substantial outcry for government intervention to moderate the cycles. In spite of its resources, government interventionist policy can only dampen inflationary pressure or moderate unemployment with little prospect of eliminating it. It is the incapacity of current methods to treat the problems simultaneously that precludes their solution. "Inflation is reduced by decreasing demand pressure and unemployment; high unemployment is countered by increasing aggregate demand and pushing prices up in the process" (Markovich & Pynn, 1988, p. 215). The inherent incompatibility of these two methods places government intervention in a precarious position and in pursuit of an increasingly elusive goal.

Where the market is unable or uninterested in providing goods and services, government intervention is sought. For example, issues of unemployment are a primary social concern that capitalism has little interest in once its needs are fulfilled. Unfortunately the current solution—the welfare program—is a dismal fix from the social perspective. The welfare dole can hardly be construed as any kind of
conciliatory prize. Its necessity is a burden imposed on democratic society by an economic system that finds its roots in primary values of competition and materialism (McLaughlin, 1987, p. 229). Certainly the stop-gap nature of welfare politics must give way to something more productive if democracy is to proceed. In a permanent capacity welfarism in and of itself can never be a solution to the deficiencies of capitalism. Even in a temporary capacity welfarism is of precious little value unless it is accompanied by both education and, as the Founding Fathers recognized, a stake in society. Thus even if the thin promise of the potential to gain stake in our society were the solution to the woes of capitalism; under the current principles of capitalism has become so translucent that for most of the underclass it can no longer be discerned. If the experiments in social welfare which have taken place on the European continent have any meaning, it is that programs of welfare are no solution where a society remains hierarchically closed to the underclass (Kotkin, 1991, pp. 23-4).

The inability of government intervention to significantly impact the pressing social issues of "the people" stems from the fact that "'the people' is a reification, a powerful political fiction" (Morone, 1990, p. 7). That is to say, the democratic wish which "imagines a single, united people bound together by a consensus over the public good which is discerned through direct citizen participation in community settings. ... is a utopian image" (Morone, 1990, p. 7). That is not to claim that many features of the ideology are not "practicable" but rather that they pose, in their current state, an enormous handicap to any such solution.
In many ways the capacity for political initiative that comes with economic strength is also to blame. Economic "might" typically results in the transcendence of narrow individual interests over broad public interest. Take for example the mentality of the statement by a past president of General Motors—"For years I thought what is good for our country was good for General Motors, and vice versa" (Lindblom, 1977, p. 187). The skewed egocentrism of this statement reveals where corporate America feels they rate in the democratic scheme of America; and by extension, where they feel public interests should rate in American democracy. Such thinking is counter to democracy, at least it is counter to the democratic ideal, in the sense that it is founded on consensus. "The people form a homogeneous body with a shared, discernable, public interest that transcends narrow individual concerns. Only malefactors ... would spurn the common good for private gain" (Morone, 1990, p. 6). However, Kuttner cautions that "American Liberals who once scoffed at the idea that 'what's good for General Motors is good for the country' ought not to go in the opposite direction and insist that it simply doesn't matter if General Motors goes down the drain" (Kuttner, 1991, p. 285). The point is, economic powers not only have the clout to command inordinate political sway, but they also have the clout to deflect battles over economic equality so that they become battles of political representation. That is not to say, that economic "might" alone is capable of such feats. Rather, such reform occurs as the result of economic clout coupled with the political dynamic that grows from the populist base of the American system.
The most significant limitations on government intervention have been handed down from the Founding Fathers. "They had no hope and they offered none for any organic change in the way men conduct themselves. The result was that while they thought self-interest the most dangerous and unbrokable quality of man, they necessarily underwrote it in trying to control it" (Hofstadter, 1955, p. 16). Still today, attempts to procure "organic change" on an altruistic basis are as rare as they are successful. The few examples that have been slipped into American politics are essentially tokens—they are tools used to avert coordinated or widespread urban unrest and possible insurrection. The Johnson administration's "war on poverty" is merely a singular example of a larger theme of reformist "redistributive" politics. The legitimation of organized labor and the political empowerment of black Americans were also examples of the same theme. Interestingly, all of the bit parts in the common theme to address the struggles of oppressed groups in society were gained on an ad hoc basis. Such examples were not the offspring of some altruistic social/political reformist system. Rather, they were the child of necessity—they quell the mounting social animosity of large groups who are ripe for unified action. However, it is not for lack of desire that reform minded politicians are often thwarted in their endeavors. Rather, it is due to the nature of adversarial democracy and its reliance on consensus. Although most such pressure for reform actions as cited above were relatively "safe" (i.e., confined to the political arena with little or no economic result), they were in each case "blocked by the checks of the liberal state. Entrenched interests shout 'socialism' to mobilize conservative
allies. Multiple layers of federalism, overlapping bureaucratic jurisdictions, oversight by competing authorities (furiously balancing one another), and a multitude of other institutions all reinforce the limits to government action" (Morone, 1990, p. 27). In such cases reformers must overcome the impasse between popular cries for dutiful action and the limits on government. By returning controversial programs such as the legitimation of organized labor, the empowerment of black Americans, and the "war on poverty, to the community for the people to decide, not only is the impasse abrogated but also consensus is created. In this way, the new programs create new agencies that muster up and modernize old town-meeting ideals. They offer an exuberant mix of democratic images and contemporary organizational methods: open meetings, civic education, broad opportunities to participate, professional staff support. The one thing they lack is political authority (after all, if the state could have mandated the authority, the exercise in democracy would have not been necessary). (Morone, 1990, p. 28)

After the programs are implemented, the overt or perceived consensus fades into a struggle between new groups and interests to secure a standing in the new program so as to insure a legitimate place in the political system. New participants in the political system use the nascent institutions to bring out controversy that was previously suppressed by the established elites. The battle which was originally introduced as a quest for democratic equality in the economic sense has been converted (subverted) into a battle of representation that takes place on the "political periphery" (Morone, 1990, p. 28). What is most important in this conversion process is that "battles of representation do not easily grow into conflicts over economic status. ... The
politics of democratic yearning promote political change while deflecting fights about economic relations" (Morone, 1990, p. 28).

As Morone points out, the limitations on government intervention evolve from great irony. In the quest for the democratic wish—"the direct participation of a united people pursuing a shared communal interest" (1990, p. 5)—a huge bureaucracy has been built up while at the same time "communal hopes reinforced liberal institutions" (1990, p. 29).
CHAPTER XV

THE CRISIS OF CAPITALISM

Systemic Economic Problems

Considerable evidence exists (high unemployment, low corporate profit rates, international trade imbalance) to suggest that capitalism itself is of dubious health. Davis and Scase (1985) with only slight trepidation, assert that the condition of capitalism today warrants being labeled a crisis due to the emergent impediments to the private sectors' accumulation of wealth.

Semantics aside, there are plenty of data which suggest that the rate of profit from industrial production is on the decline in the developed capitalist economies. This decrease in profit rate is thought to inhibit capital investment to the point that it prevents economic growth which in turn "hinder the creation of new occupations and bring about increases in the level of unemployment" (Davis & Scase, 1985, p. 133). While the public perception may not immediately recognize failures of the economic realm to be within the realm of political decision making and control, nevertheless the end result is that the disabilities of capitalism creates a social burden that becomes a political burden. There are a variety of explanations for the decline in the rate of capitalist profit.
Declining Profits

The position of the radical economists (beginning with Marx) is that there is an inherent tendency within the capitalist mode of production for the rate of profit to drop as the system develops. The tendency of capitalists to attempt to increase worker productivity by applying increasing amounts of technology to the work process, results in a disproportionate ratio of constant capital (equipment) to variable capital (labor). As this ratio becomes more skewed, it brings about a fall in the rate of profit. That is, as labor productivity nears its maximum, additional expenditures of capital for new technology and new equipment will bring about decreasing returns on that capital expenditure. To compensate for such "inevitable" profit decline, businesses typically respond by expanding the scale of production to counter the lost profits. Thus an economy of scale emerges where profits from low margin goods are made by high volumes of unit sales. Alternatively, the capitalist corporation could increase its profit margin by attempting to achieve monopoly status through mergers and acquisitions.23

Labor Liability

Other explanations of capitalism's declining profit rate originate with the argument that the dynamic of the accumulation process has been weakened largely as a result of wage labor's partially successful struggle against capital (Himmelstrand, Ahrne, Lundberg, & Lundberg, 1981). Davis and Scase (1985, p. 139) conclude that "the
bargaining strength of employees in both Britain and Sweden has contributed to a decline in profitability." While the circumstances surrounding the labor movements in Britain and Sweden are very different than the American experience, it seems entirely plausible that the labor union instigation of reform in the work-place (e.g., health and safety, security of employment, and quality of working life) has cut into corporate profitability.

**International Competition**

Although this paper focuses on the domestic issues of capitalism (and democracy), a brief look at the impact of international economic factors on domestic relations is enlightening.

"Contemporary capitalism, dates from WWII, and is characterized by monopolistic competition on a global scale" (Markovich & Pynn, 1988, p. 215). The impact of global competition and global financial networks on American democratic capitalism is quite significant. America, as a mature capitalist country, is threatened on two fronts from international competitors who have been able to underprice many of the manufactured goods produced there. The first threat is from the native owned indigenous companies of the developing industrial countries. The companies, beside being typically successful in regional and national markets, are successful in international markets against the companies of mature capitalist nations because of their lower production costs associated with lower wages, unregulated working conditions, and lack of organized labor. Second, are the companies that are owned and operated by multinational corporations. Of the two fronts
threatening American capitalist enterprises, it is the multinational corporation that is far and away the most dangerous. Branch manufacturing units are established literally the world over (especially in less developed countries) according to comparative analyses of local production costs. As a consequence of the atypical bargaining position of the multinational, "governments are often forced to compete with each other in providing favourable [sic] 'sites' for production and this can entail the promise of strict control over trade unions, the offer of grants and tax rebates for factory construction, and the supply of an acquiescent labour [sic] force" (Davis & Scase, 1985, p. 140).

The new international competition is contributing to de-industrialization in Western capitalist countries. This impacts domestic industry in a number of ways. First, the U.S. must compete with other nations by offering competitive inducements to multinational corporations so that they locate production in the United States. Second, investment ventures in the U.S. may now be passed-over for the more appealing profit margins in the industrializing third world. Third, the industrial competition in manufactured goods has contributed to the demise of American industry by trimming profits and winning away contracts.

The factors contributing to the crisis of capitalism—the increased organic composition of capital, the increased strength of organized labor, and the increased industrialization of less developed countries—are all related. The growth of large corporations is at least partially due to the pursuit of economies of scale. "The
development of organized labour [sic] has been encouraged by the growth of large-scale corporations which have, in turn, invested in manufacturing in a number of developing countries" (Davis & Scase, 1985, p. 142).

The State and Capitalism

The decline in industrial profits has made it increasingly difficult for such corporations to internally fund their investment programs and has cut them off from external help in the form of loans and other sources of credit. This decline in profits has inhibited the technological modernization and further weakened the competitive position of many corporations in the Western capitalist economies. Strinati (1982) finds these factors to be the impetus for Western democracies to become involved in the economy. Kuttner (1991) finds the need for state intervention to be particularly acute in America where a tradition of laissez-faire economics has left the American economy dangerously vulnerable to exploitation by other nations, non-capitalist and capitalist alike.

In general, Western states have increasingly relied on four primary strategies for encouraging capital accumulation (Davis & Scase, 1985, p. 143). First, through offers of loans and subsidies to many corporations they have sought to reduce the production costs. Second, the state has become a major customer in the purchase of goods and services at rates that guarantee healthy profit rates to the corporations under contract. Third, the state has occasionally subsumed ownership of corporations and segments of industry faced with bank-
ruptency when because of their public utility, strategic significance, employment significance, or technological significance, they cannot be allowed to fail without hurting the national economic status. Fourth, some states have attempted to restrict labors' wage demands (Strinati, 1982) to bolster corporate profits. Since the bargaining strength of labor is greatest in periods of high employment (as in the 1950s and 1960s) and decreases as employment rates fall, recent governments have had unexpected respite from labor pressure as a result of the high current unemployment rates eroding the negotiating strength of labor.

Winkler (1977) has argued that the growing trend of state invention in the economy, with private ownership being combined with public control, is leading to corporatism. For Winkler, the "facilitative" state, which was esteemed by the neo-classical economists as being primarily concerned with the provision of the basic legal, labor and monetary conditions essential to the efficient operation of the "capitalist mode of production," has been necessarily supplanted by a more "supportive" or even "directive" state role. In contrast to the facilitative state, the supportive state provides a range of subsidies and services to private industry. The state assumes the function of currying those ingredients most facilitative to the capitalist free enterprise system—from education and training, to health and welfare, to high technology research and development. The directive state is characterized by direct intervention and command of the internal decision-making elements in privately owned productive processes. This stage of state intervention, typically called corporatism, is cited here only for perspective without any inference that the U.S. is or
should be headed in this direction. Corporatism and the directive state (best exemplified by France, pre-unification Germany, and Sweden) have suffered significant setbacks in the latter part of the 1980s and remain a dubious proposition today.

Ultimately it becomes necessary to balance the interactive relationship of politics in the economic arena with reality and ideal. The stress placed by the traditional liberal-democratic model on the freedom of the capital accumulation process from state intervention, (as well as organized labor) has not appeared to be very successful for more than a century. Suggestions of reliance upon a market-disciplined restructuring of capital to provide sufficient reinvestment capital to sustain the capitalist engine must be viewed with increasing skepticism. However, if there is any credibility in the belief that competitive markets allow efficient corporations to make profits, the case for at least limiting state intervention becomes stronger. The quandary occurs as the state must wait for corporate profits to be converted into investment capital so that jobs can be created to reduce the unemployment levels. Where private industry does not or cannot do this the state must intervene— but at what cost? Solutions that prescribe a directive role for the state are often seen to border on the social democratic position which "urges the expansion of the public sector in order to absorb surplus labour [sic] and to create demand for a variety of goods and services" (Davis & Scase, 1985, p. 148). Predictably, such solutions are also often seen to carry the latent possibility of decreasing the liberties of the tradition liberal
democratic model. For the majority though, who have little say in the matter, that would be the lesser of the two evils.

Systemic Political Problems

The political nature of capitalism evolves from a bifurcated base. First, many of the movements of the economy have an impact on society that may be construed as political in nature. Second, there is increasing application of political solutions to ameliorate what are by nature economic problems. While the market system is lauded for the efficient allocation and free movement of resources, it cannot be relied upon always to provide those items that are essential to the achievement of long range social goals.

Power and the concentration thereof, which capitalism not just permits but fosters and perpetuates has been an issue in the United States since the late 19th century. The increasing power of the capitalist was but one aspect of an issue that is now vastly overshadowed by the concentrated power of corporations. Capitalism in the United States spawned a concentration of economic might that was also translated into concentrated political might. Huge financial resources permit large firms and wealthy individuals to donate weighty amounts to political campaigns, to hire lobbyists, to influence the press through advertising accounts, and to hire talented legal consul to pursue their interests.

The turf battles between private enterprise and polyarchy are more explicable when it is understood that "both private enterprise market systems and polyarchy are methods for popular control over
'public' decisions" (Lindblom, 1977, p. 162). Where whole segments of markets move toward consolidation (monopoly) as they naturally do—and indeed must do in the pursuit of efficiency—there is an expansion of economic power. Economic power by nature as well as "necessity" seeks as a part of its base to consolidate its position through an expansion of political influence and power. Statistics of new business starts are sometimes cited as being indicative of the impossibility of monopoly achievement. This position is not convincing. It is not difficult to see through the profitability of mom and pop type business enterprise—they are capable of "profitable" operation at the margin only because what they consider as expenses are not a reflection of actuality.

The Problem of Insecurity

The capitalist system breeds insecurity because of its constantly changing business environment. Firms which are inefficient because of obsolescence are forced from the market place by modern efficient firms. The impact of this culling process yields substantial dislocations of labor and capital as industries rise and fall. Yet it is precisely the dynamic forces of change that make capitalism efficient. "The problem is to combine economic progress with economic security when to a great extent they are mutually incompatible" (Thurow, 1980, p. 42). Today this problem has been addressed through the intervention of government with such programs as social security, unemployment insurance, government backed loans, and price supports. By offering the umbrella of government protection, new problems are created through
the lost incentive of firms to strive to be efficient and supply product in demand and employees to be productive and reasonable in wage demands. Worse yet, once an individual or firm is under protection there is little incentive to modify their behavior since their reward is the removal of protection. The Chrysler paradigm proved that "under the government umbrella, success is guaranteed at any level of performance as long as government can be convinced demise would be detrimental to the economy" (Markovich & Pynn, 1988, p. 217).

The Problem of Public Goods

As noted in Chapter XI, the market system is based on the price mechanism, and as such it has no way to establish the value of items like pure air, pure water, or virgin forests that occur naturally and are thus "free." A free good is likely to be "wasted" by the market, since it has not been valued by the market, it is treated as having no value. Hence the system has no method of establishing the entrepreneurial cost of polluting or consuming it. Where the market allows private industry to remain willfully negligent of their caused environmental deterioration, only government intervention and regulation can force them to recognize the associated costs. There is a similar fashion in which the market system breaks down. Since price is the exclusive signal that allocates resources and determines output, the market system left to its own devices will naturally produce goods that are profitable without regard to their social desirability or necessity. The breakdown of the price mechanism may occur on such socially desirable and essential elements as infrastructure projects or
health care or education. The demand for social goods cannot be reflected through their price largely because these items are by nature enormous items and cannot be divided and bought as individual units.
CHAPTER XVI

CONCLUSIONS

We built a powerful society without adequate thought for the purposes to which its power was to be devoted. We built a wealthy society without adequate concern about the objects upon which its wealth should be expended. We thought that justice would be the inherent consequence of our acquisition of power and wealth. What we forgot is that societies are not bound together by material conquests; their unity is found in equal devotion to a common idea. Fellowship does not endure in states disfigured by such sharp contrasts as those which have deprived us of an equal interest in the operation. (Laski, 1933, p. 264)

Summary

Part I

In Part I, "The Concept of Democracy," the Western notion of democratic government is broken down and viewed from a variety of perspectives. The Greek origins of democracy are traced but found to be of little real significance in the contemporary application of democracy. The issue which arises over the application of democracy on the scale of the nation-state, develops into a question that can neither be dismissed lightly, nor overlooked for the remainder of the paper. Classical democratic process proves to be a chimera of circumstance.

Political liberalism—as distinct from economic liberalism—is found to be the basis from which American democratic thought derives. Although political liberalism preceded economic liberalism (Sartori's
liberalism) by some two centuries, the two positions are often confused. Where classical political liberalism—in its quest for the freedom of the individual in society—rejected the state, the classical economic liberalism of Adam Smith built on the doctrine of laissez-faire sought an extremely limited role for national government (the maintenance of peace, property, and contract) that restricted it from interference in economic affairs. The degree to which American democracy contains liberal ideals and motives, means that all references to American democracy must be understood in a generic sense to encompass a mixture of the two theories (liberalism and democracy) which is dominated by the liberal component and its attendant goal of individual freedom.

With the foundation for modern democracy laid, the discussion turns to establishing the meaning of democracy in the modern western sense. In its common usage, the exact meaning of democracy is found to be somewhat difficult to establish because the term is used to refer to both the ideal application and the methodological application of the word. Additionally, democracy in the prescriptive (ideal) sense is often rather far removed from descriptive (methodological) attempts to apply that ideal.

From the ideal base of democracy it is possible to develop what are in effect the tenets of democracy. What is not possible, is to precisely establish the degree and proper mixture of participation, liberty, equality, and systemic responsiveness—that is, there are a number of perspectives as well as a number of real-world examples which signify that some latitude in the mix is possible. Freedom and liberty are found to be less than synonymous with democracy; although, some
freedoms (certain kinds) are found to be necessary for democracy and democracy is found to be necessary to some types of freedom.

The fulfillment of the tenets of democracy pose vexing problems for systems of government. The lot system, and direct democracy are found to contain assumptions that are unrealistic in the circumstance of today's nation-state. Representative democracy—with both questionable success and a suspect amount of representation and democracy—is the only system to approach the needs of the democratic nation-state.

Finally, democracy contains a number of paradoxes that essentially devolve from the imperfect administration of democracy on the scale required by the nation-state. These paradoxes remain unsolved in democratic theory and form a backdrop of on-going compromise and debate.

Part II

In Part II, "Theories of Democracy," the discussion of evolves from a review of three groups of theories which together form the nexus of democracy. The progression of the following three theories within democracy is crucial to the understanding of their relative importance and of their relationships to one another.

The debate over participation as presented in Part I is developed to enunciate and solidify the mainstream views of the revisionists and the participationists. The initial debate over the revisionist position (exemplified by Schumpeter) versus the participationist position (exemplified by Pateman) finds its genesis in the competition between contemporary democracy and traditional democracy, as well
as in the competition of method divorced from ideal and method tempered by ideal. The issue of participation and the problems thereof are central to the democratic question. The vast majority of this paper devolves from the position established by Schumpeter vis-a-vis contemporary democratic theory—a position which "has gained almost universal support among present-day political theorists" (Pateman, 1970, p. 14). The work cited (Dahl in particular), is largely the extension of Schumpeter's position and as such is based on what is perceived to exist in actuality. In final analysis the degree of participation necessary to maintain democracy remains a highly contentious issue that is inextricably intertwined with the other issues of freedom, equality, and systemic responsiveness. It is within the embrace of, and because of, pluralism that both the revisionist theory and the participatory theory have significance.

The review of pluralist theory explores the root and the role of pluralism in democratic systems. The theory of pluralism—the open competition of diverse interests—is the cornerstone upon which democracy is structured. The theory itself develops from three premises. First, groups have power which they exercise directly over society and which in turn gives them a stake in the control of the state. Second, it is groups rather than individuals (including individual businesses and corporations) which are the primary reality of modern industrial society. Third, as long as power and control are divided among multiple strong and active competing interests, there is little need to fear the emergence of an institutionalized "power elite" from either government leaders of industrialists. The greatest hope
comes from the tradition of pluralism (both politically and economically). It is, however, no panacea. Although recognized by pluralism as a fact of modern life, the highly unequal distribution of political and economic power among groups must lead the success of the pluralist model to be at least partly suspect. The enormously positive contributions of pluralist tradition will prolong the existence of democratic capitalism but does not contain within it the capacity to initiate the kind of substantive social change necessary to reign in the economic system to once again be the servant of its popularly based political master. This section concludes with the recognition of some potentially grave problems that threaten and to a degree vitiate the vital and necessary role that pluralism plays in democracy. Whether the pluralist model will buy enough time and create a wide enough buffer between politics and economics to avert an auto/technocratic regime led by major economic interests remains to be seen.

The theory of "polyarchy"—the last theory reviewed—is the description of actual democracy; that is, contemporary democracy as it exists in method as opposed to ideal. It is the imperfect but arguably most highly developed approximation of democracy that has been achieved in the West. Polyarchy is the framework formed by active democracy. It is intended (see Dahl, 1966) as being a value-free descriptive theory which describes the operation of certain political systems thought to be democratic in the Western sense.28 The theories of participation and pluralism must be considered as occurring within and contributing to what is called polyarchy.
Part III

In Part III, "Capitalism and the Democratic State," the nature of capitalism and its relationship to democracy is explored. The review begins with the market system and how it functions. As originally conceived, the market system of classical liberal economics is found to be a capable allocator of resources (in a relative, not absolute sense). In the American approximation of Adam Smith's vision of non-regulation, the market system does a notoriously poor job of distributing social goods and services to more than a small segment of society.

A look at the heritage of the American political tradition reveals that the staple tenets of the ideology have, from the beginning, held in reverence "the sanctity of private property, the right of the individual to dispose of and invest it, the value of opportunity, and the natural evolution of self-interest and self-assertion, within broad legal limits" (Hofstadter, 1955, p. viii). In this setting the business of politics was and still is "to protect this competitive world, to foster it on occasion, to patch up its incidental abuses, but not to cripple it with a plan for common collective action" (Hofstadter, 1955, p. viii). After an avowal limited to the verbal support of egalitarian (equalitarian) democracy at the Constitutional Convention, a truly democratic movement takes root but peaks around the time of Tocqueville first "discovers" America. The egalitarian America which Tocqueville discovers is more a circumstance of fate than of design, and remains a democracy strongly steeped in the ideal but only weakly steeped in practice.
Next, capitalism is placed in the context of the democratic state. The pluralism of the modern democratic state is found to be contradict capitalism in its assessment of power relationships and the acceptance of government. The armistice between the two positions which enabled capitalism to survive, was the result of a moderation in the position of capitalism. Even with the moderation of the capitalist position on power and government, capitalism as it operates in the democratic state faces a number of problems that arise as a result of the dependence of democracy upon private sector mechanisms to perform public sector functions. This overlap of function has developed through the Smithian economic model and beyond into a turf battle between the economic and political systems. Given the traditional American hostility for government, the battle has clearly been biased toward the economic system.

The notion of capitalist freedom—the freedom of individual choice available only through the market mechanism—is explored and found to be significantly weak. While the freedom of capitalism is not an outright lie, it is found to be of such limited application that it is in effect a misnomer. The promise of freedom has long been used by capitalism as a lure to countervail and quell egalitarian yearning among the general populous. Liberty and equality in America appear in competition—as an either/or proposition. "Although equality is clearly a necessary condition for democracy, it may not be a necessary condition for liberty; and equality is definitely not a sufficient condition. On the contrary, because equality facilitates majority despotism, it threatens liberty" (Dahl, 1985, p. 9). The traditional
view of freedom (liberty) and equality as being mutually exclusive has led to a political ideology that views most decisions as a "grand choice" between these two positions. Barber (1986) establishes that the "grand choice" has historically been perceived in terms of a choice over types of economic systems, when in fact it is a choice of what is political versus what is economic.

Much of the impetus for government intervention has comes from two perspectives. First, an unregulated market system is found to be neither self-regulating nor egalitarian in the distribution of goods and services. Second, unmoderated market economies go through significant cycles of prosperity and famine (boom and bust). From the standpoint that the economic instabilities of the market directly affect the social well-being of the demos and thus political stability, government intervention is seen as a tool to alleviate both social calamity and political instability.

Capitalism is found to suffer also from a number of problems, both economic and political in nature. While classical and neo-classical economics sought limited government interventionary assistance in addressing economic problems, modern capitalism has needed ever greater infusions of political assistance while at the same time facing increasingly burdensome demands from the political system. In the economic arena, declining profits, labor liabilities, and international competition have increasingly made it imperative for capitalism to seek political relief. Simultaneously the onus of political demands for concessions designed to promote stability and to reconcile cap-
italism's disregard of public goods have proven to be an increasingly heavy burden for capitalism.

Conclusion

The Crisis of Democracy

Despite the manifold predictions of demise, democracy is not yet in crisis. It would, in all likelihood, be exciting to exclaim the imminent demise of democracy. Certainly substantial attention could be garnered (had this trick not already been exhaustively utilized) with proclamations of crisis. However, such claims of crisis smack of sensationalism and unfortunately, like "the boy who cried wolf" these claims tend to undermine legitimate efforts to curry interest in addressing what should more realistically be viewed as at most an incremental decline. "The system of democracy works by virtue of certain processes which its theory never describes, to which its theory is actually hostile. But we identify the system with the theory, as if we actually lived by the ancient Jeffersonian image of democracy we cherish, so that when we are confronted with some of the practices which make democracy work we become terrified that the system is breaking up" (Hartz, 1962, p. 25).

In its reference with democracy, the very notion of "'crisis' suggests an imminent collapse" (Bobbio, 1976/1987b, p. 17). Nowhere can there be found significant evidence indicating the imminent collapse of democracy—least of all in the U.S. Certainly "democracy is not enjoying the best of health in the world today, and indeed has
never enjoyed it in the past, but nor does it have one foot in the grave" (Bobbio, 1976/1987b, p. 17). The impending sense of doom carried in the notion of crisis fails to recognize or reflect the dynamically adaptive nature of democracy. It also fails to recognize that "democracy has always worked through group coercion, crowd psychology, and economic power, yet for fifty [eighty] years these factors have sent a tremor through democratic hearts" (Hartz, 1962, p. 25).

The crisis of democracy which Laski identified in 1933 was not new even then. Already some 30 years prior, E.L. Godkin (see Hartz, 1962, p. 25) had heralded the impending "crisis." What was new were the expectations of achievement of the democratic ideal. Each time it was the discrepancy between ideal and practice that made democracy appear to be in crisis. However, a look back at the discrepancy between the ideals and practices of the Founding Fathers reveals that from the ideal standpoint they could hardly be perceived as true democrats. Had it not been for the unforseen (accidental) coordination of agenda by the Northern merchants and the Southern planters, America's populist base would have been far weaker and much more removed from power than it is. Interestingly, following Laski's "crisis" came some 40 years of exceptional growth in the practical application of popular social reform (democratic rights). With those years of growth also came the growth of big government and the imperial presidency. The public antagonism with big government and the imperial presidency also extended to the government programs thought to have caused it. Although some government programs which sought to expand
democratic rights suffered a setback beginning with the Carter administration,\(^9\) the halt in the expansion of democratic rights that occurred with the Carter administration can hardly be construed as crisis. Much more appropriate is Dahl's contention that the methodological application of democracy (polyarchy) has reached a "plateau" (1990, p. 89). It could even be legitimately be argued that democracy has regressed somewhat from its high point in the early 1970s. But given the nature of pluralist society and incremental policy change, the regression occurred in a very narrow spectrum; that is, it was incremental in more than just method—it was also incremental in cumulative impact, stopping at a level far above the apocalypse so often heralded. The significance of pluralism as observed by Tocqueville in 1835 is even greater today. While "the existence of relatively independent organizations is not sufficient for democracy; ... it is evidently necessary for democracy and liberty on a national scale" (Dahl, 1985, pp. 46-7).

The point is, democratic method (polyarchy) is in an increasingly perilous position, but it will not fail tonight or tomorrow, and its cause is not yet lost in America (or abroad). Although the adaptive nature of the methodological democratic process has over time removed it to a great extent from its roots in ideal terms. Democracy is still yearned for and sought by a popular base that seems to be growing not just in the U.S., but world-wide\(^6\) which would indicate that despite the methodological limitations of practice,\(^5\) democracy remains highly desirable. In the U.S. specifically, Morone's "democratic wish"
retains its popular appeal despite its distance from the dictum of
eality in the modern nation-state.

**Democracy and Capitalism**

Neither is the future outlook for democracy exactly glowing. While it would be perhaps quite gratifying to be able to emphatically extol a virtuous prognosis for the future of democracy, to do so would be self-deluding. Democracy in its most highly developed examples appears to be waning, and its economic consort—capitalism—appears to be consuming itself along with democracy. At issue is, ostensibly, the relationship between democracy and capitalism.

It is easy, but incorrect, to think of democracy and capitalism as separate but coexistent social systems—each with its own high ideals of liberty or equality or some such thing. The true picture is much more significantly related than that. As observed by Usher (1981) and many others, every society must have some system of "assignment". In every society there must be some organizational method that coordinates the distribution of the goods (manufactured and otherwise) that exist in that society. Additionally such a system should promote the existence of many kinds of goods. What is perhaps least widely understood "are the momentous consequences for the welfare of any society" (Lindblom, 1977, p. 171) that such matters determine. Thus the ultimate question is not merely one of which economic consort is best suited to American democracy; but rather, it is more directly the question of how to best distribute what material goods exist in society. At the juncture between practice and theory, this question
must be tempered with the realization that concurrent with the
distribution of the material world is a similar but intangible
distribution of "spiritual" goods. "An emphasis only upon material
acquisition cannot produce a united society once the capacity to
acquire is threatened in its foundations; that it fails to make
response to those spiritual springs of discontent which, when they are
neglected, in the end always overwhelm our fragile material construc-
tions" (Laski, 1933, p. 265). Although the industrial revolution made
possible by capitalism brought achievements in material acquisition, it
came at an enormous price in terms of the human suffering imposed upon
large segments of society. Is the human suffering justifiable because
it fueled the engine of the industrial revolution which is often
propounded as what has enabled capitalist democracy to succeed? No.
"Democracy requires neither opulence nor ... material standards. ... It
requires instead a widespread sense of relative economic well-being,
fairness, and opportunity, a condition derived not from absolute
standards but from perceptions of relative advantage and deprivation"

The current rendition of democratic government is increasingly
incapable of fulfilling the needs and desires of large portions of the
populous. It is a government that is largely removed from popular will
and that actively permits the further consolidation of wealth among a
declining minority portion of the populous while fulfilling broad based
popular programs only to the degree necessary to keep large segments of
the polity from riot. The swelling ranks of the underclass is
generating a whole segment of society that has become so distanced from
mainstream institutions that even the most basic social values begin to be devoid of meaning (see McCall, 1991, p. 6). The underclass becomes the chaotic discard of society, desperate for direction and physical survival in a complex industrial society that no longer needs them nor wants them.

Once the relationship in modern democracies of money to politics is understood (i.e., that money is an inveterately corrupting force in politics), it becomes apparent that the greatest immediate gains in democratic rights can be made by reforming the economic structure of democratic capitalist society. Given the status of the corporation as the largest social entities and due to their hierarchical structure they are the greatest bastion of non-democratic government (authority systems) in society (Dahl, 1985, 1990; Lindblom, 1977). The damage done to democratic society by narrow (selfish) pursuit of individual interests, while undesirable, pales in significance when compared to the damage done by the pursuit of narrow individual corporate interests. Given the capacity of economic power to procure political power, any reformation in this area (other than the idyllic) can occur only if the government takes an active role in pursuing a referendum of reform inspired by popular interest. Although Dahl and Lindblom both provide good reason to believe that the gains made by democratizing the internal structure of corporations are the least expensive method in relative terms to achieve greater political democracy, it is still methodologically expensive and precarious. As governmental bureaucracy grows to fulfill its administrative duties, there is always the risk that facilitative and directive government becomes intrusive and
"impositive". Although the quest for economic democracy through the revision of the corporate structure is a meritorious goal, it is not obvious that this is not merely a symptomatic fix for a structural ailment.

One of the greatest paradoxes of democracy is that "hierarchical organizations are also necessary for freedom" (Dahl & Lindblom, 1953/1976, p. 42). Ultimately it appears that to have freedom on a greater scale would require a government to control the market or for some market functions to be subsumed under government administration (Dahl, 1985)—both methods are less than desirable in light of the American democratic tradition. Free-market capitalism, if it is to be used in conjunction with democracy because of its efficiency at resource allocation, requires the consociation of a political system which places greater emphasis on equality and government involvement than is likely to occur in the American setting.

The democratic demise recorded by Laski 60 years ago was more than social destitution wrought by economic inequality, it was a reflection of the fundamental difference born of the subjugation of democracy to liberalism. It is worth noting that since the beginning of American democracy, the relative proportions of liberalism and democracy have existed in a state of flux. Liberalism through the suppression of democracy has now yielded a condition that threatens even itself.
The Liberal Democratic Solution

In final analysis, it is evident that before the deficiencies of the democratic capitalist consociation can be solved, liberal democratic society must address a more basic quandary. The incompatibilities of democracy and capitalism, as serious as they are, are of secondary significance when compared to the problems that arise from placing liberal economic policy ahead of democratic political policy. That these contradictions (incompatibilities) are an issue of the current magnitude is because of the underlying clashes in the nature of democracy and liberalism. If the intuitive appeal of Rawls theory of justice (1971) is accepted—that no individual is more deserving than another of natural endowment of position—then economic liberalism must be curtailed in favor of economic democracy. "One must choose. One cannot be both an egalitarian ... and a liberal" (Friedman, 1962, p. 195). The "grand choice" lives on, but not as Friedman, Hayek, and Schumpeter proposed it. The issue is not a question of which economic system is most appropriate for democratic society. Rather the choice should be a question of what system (political or economic) shall lead democratic society. Regardless of whether the choice is as black and white (or even as sectarian) as Friedman suggests, economic liberalism must be curbed if political democracy is to prevail. Dahl is absolutely correct when he asserts "political equality is a form of distributive justice" (1985, p. 85).

Political democracy, while not impossible, is inherently risky. There is great risk that our current system—as imperfect as it is—
might be traded too readily for a system that cannot deliver on its egalitarian promises or does so through an unnecessarily harsh retreat to despotism (Dahl, 1985, p. 35). Nevertheless, conservative economic liberalism remains a weak alternative in the industrial age. What opponents of economic democracy have failed to assuage, is that for much of society the liberal promise of freedom to "order one's life and property as one sees fit" (Machan, 1987, p. 179) is an empty lure. Capitalist liberty with its basis in property, means little or nothing to one who has little or no property. The classic Marxian argument that there is little or no freedom for one who must sell their blood, sweat, and tears, just for the opportunity to subsist is highly credible. The trade of economic liberty (in its current lame condition) for an egalitarian but "repressive" political democracy is a gruesome prospect only when conceived out of context. Although it appears that in aggregate the cost of curtailment of liberal freedoms as needed to achieve widespread democracy may initially be high, the re-application of the capitalist method for dealing with negative externalities (natural resources like air and water) makes the losses appear much less significant. The repressive costs (limitations of liberal economic freedoms) could be distributed among the entire populous so that on an individual basis they would rarely appear as an inhibiting factor in any individual's "hedonistic calculus." For the majority of society there would be an absolute gain in freedom as equality was more nearly approached.

In conclusion, a realistic perspective of the ultimate goal of democracy and democratic society must be maintained. "A democratic
society is not a society of friends, nor a fraternity, because it must necessarily comprise unequal relationships" (Mansfield, 1986, p. 2). The traditional solution articulated by Mansfield--"that the formalities of unequal relationships can preserve equality by upholding the dignity of inferiors and by restraining the pride of superiors" (1986, p. 2)--is, however, no longer adequate. Certainly a hierarchical structure must exist if democracy is to function as a system of government. It is the disparities of circumstance within that hierarchy that must be limited. To accomplish this democracy needs an efficient (but as yet unknown) economic consort to fulfill the allocative requirements of society. More importantly, the federal government needs to move into the 21st century by transcending its roots based on principles of "eternal conflict and rigid adherence to property rights" (Hofstadter, 1955, p. 16). Democracy can overcome its historical failure to maintain the ideological commitment and participation of its members only to the extent that it can fulfill their selfish desires and agenda. For Tocqueville the mind-set ("manners") of the people were absolutely vital to democracy (Tocqueville, 1835, 1840/1981, pp. 193-4; see also Dahl, 1985, pp. 48-9). Democracy must be more than a process--it must be a mind-set and ultimately a lifestyle. Capitalism and the market system are efficient allocators and can yield an efficient and socially responsible society when guided by democratic rather than liberal motive. It would be pointless to dismantle capitalism when it needs only to be properly managed. However, "to concede the virtues of markets is not to embrace simple laissez-faire" (Kuttner, 1991, p. 262). Capitalism as it now exists must be reigned
in; where it is "permitted to dominate politics, capitalism becomes a vicious form of social Darwinism" (Barber, 1986, p. 39). As Dahl & Lindblom assert, the primary justification of an economy should be "its achievement of the basic ends for social action" (1953/1976, p. xxvi). Removed from the blind faith of an automatic and impersonal allocative system, democracy can succeed as never before. "We have implemented popular government, democratic judgement, and the equal state on a scale that is remarkable by any earthly standard. There are problems here, but no "crisis," no question of "survival" (Hartz, 1962, p. 44). As democracy marches into the 21st century, its success remains the inverse of its ability to displace the liberalist tradition of capitalism with a democratic tradition. Liberal capitalism cannot be permitted to remain the tail that wags the democratic dog.
1. In assuming this position, Usher is rather close to F. Hayek's assertion that in a free market "knowledge that is used in it is that of all members. Ends that it serves are the separate ends of those individuals in all variety and contrariness" (1978, p. 183).

2. For example see Friedman (1962) or Hayek (1944).

3. See for example the work of Hanna Arendt or Seldon Wolin.

4. Although costs of this type are great in aggregate, they "are divided up among all citizens in such a way that they rarely appear weighty in any individual's hedonistic calculus (Lustig, 1986, p. 140).


6. See for example the work of George Mason, James Madison, and James Wilson; see also Hofstadter (1955).

7. Much of the stimulus of Madison's position grew from the fear that the masses acting as the majority would appropriate and redistribute more equitably the accumulations of the propertied.

8. The Founders believed that differences in accumulations of property were due to natural differences of faculty and ability.

9. The assembly of people on a local basis was designed as a means of controlling (limiting) national influence and power.


11. Hartz (1962, p. 25) tells us that this was already a theme of E.L. Godkin.

12. Dahl notes that the equality of Tocqueville's time was a phase in the history of the U.S. where there existed "an equality of condition among white males that was then historically rare and probably unique in its scope" (1985, p. 50). However, that phase was notably only transitory, "for the agrarian economy and society on which it was based underwent a revolutionary transformation into a system of commercial and industrial capitalism that automatically generated vast inequalities of wealth, income, status, and power" (1985, p. 50).


15. See also D.K. Cohen and C.E. Lindblom (1979) *Usable Knowledge*.

16. In this way pluralism has disarmed much of the Marxian notion of class conflict that arises from the stratification of society into two primary groups (bourgeoisie and proletariat). "Groups amount to far more than a facade for a class" (Lowi, 1969/1979, p. 33). The pluralist model of power further disarms the Marxist hypothesis as a result of its central assertion that the blossoming of autonomous groups forces the dispersion of what might otherwise be the monopoly hold of capitalism on power.

17. For a more in-depth view of the inhibitors of freedom under capitalism (i.e., in the market place) see Lindblom 1977—especially pp. 45-51.

18. Reich (1991) in *The Work of Nations* also makes a case, albeit from a different angle, for this position.

19. There are markedly different phases in the New Deal legislation and administrative actions. Phase one was known as the first New Deal and lasted from 1933 to early 1935 with the chief objective being relief and recovery. While phase two was known as the second New Deal or the Fair Deal lasted from 1935 to 1939 and had the primary aim of reform.

20. The New Deal program has been criticized because it lacked a consistent economic philosophy. It was considered an ad hoc assemblage that was of opportunistic rather than theoretical orientation.

21. Actually, capitalism benefits from increases in unemployment—an overabundance of labor helps depress labor costs and facilitates the movement of labor resources.

22. "Public opinion may recognise [sic] unemployment as a major social problem but its perception in all countries tends to be shaped by ideologies of market liberalism which identify both its causes and solutions as 'economic', and hence beyond the realm of political decision-making and control" (Davis & Scase, 1985, p. 170).
23. This is typically seen as a short-term solution since the "above-average" profits will attract new competitors.

24. There are numerous examples in Africa, Latin America, and especially south-east Asia. The industrial might of Taiwan, S. Korea and Hong Kong and to a lesser degree Malaysia, Singapore and the Philippines are difficult to overlook in the U.S. economy.

25. These inducements range from tax breaks to the provision of research and development funding (and expertise) to government contracts for products or services.

26. By maintaining benefit levels slightly lower than the benefits available in the open market, a limited degree of motivation has been built into social systems designed to provide social security. At the individual level there are frequently complaints about these levels (especially unemployment compensation) during times of need—there seems to be little realization that these benefits are emergency services that were never meant to supplant private sector compensation.

27. While Schumpeter and Dahl enjoy the respective honors of being the "prime mover" of the revisionist position and the "locus classicus" of modern revisionism, the spokes-persons of the participationist position are less obvious. Pateman has not earned the laurels of Schumpeter or Dahl. Rather, her work is notable for attempting to redress with some moderation the schism within democratic theory that has occurred between the revisionist and participatory positions while at the same time asserting a rather unique view of the origin of the schism. Although he develops the participatory position differently, Bachrach too has gained some recognition for his analysis of the "elitist" orientation of the revisionist position. Like Pateman, Bachrach offers a rather moderate solution to the issue arising from the function of participation in democratic theory.

28. This is a highly controversial point—there are a number of theorists who contend that the selective focus of polyarchy supports a normative position (see Bealey, 1988; Pateman, 1970; Taylor, 1967).

29. "Carter was elected in 1976 on a campaign against big government, its ever-expanding bureaucracy, its special favors of special interests, and especially the swollen and conspiratorial White House" (Lowi, 1969/1979, p. xiii).


31. Although the actual weight of popular desire (which translates into power) in governmental decision-making is limited it does have impact. Witness for example, the current condition of mounting domestic pressure in the U.S. for a nationalized health-care system to
serve the 37 million Americans who cannot afford private health insurance (Kuttner, 1991, pp. 279-80; see also Russo, 1991, p. 28).

32. Economic inequality is on the rise (Pear, 1991) while public sector spending is on the decline (Kuttner, 1991, p. 80); the net result has been a decrease in the equality of opportunity among the polity. See also Philips (1990) for a more in-depth discussion.

33. This is the life story of a black lower middle-class male and his friends who acquire attitudes and values as a result of facing the inhibitions of prejudice that thwart "legitimate" mainstream socio-economic success. The despair at being shackled at every turn leads to the evolution of a mind-set and value structure so far removed that it becomes almost credible to view the underclass as a separate society.

34. The application of the economic concept, the "law of declining returns," provides the generic basis for these assertions.

35. This is not to suggest that Friedman is a sectarian himself—only that he takes a micro management approach to what would better be served by macro management.
BIBLIOGRAPHY


