

Can Egalitarianism Survive Internationalization?

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Can egalitarianism survive internationalization? Yes, but survival also requires that egalitarianism shed its social democratic form.

Our argument for this laconic answer proceeds in five steps. We start by introducing the terms of our question («egalitarianism» and »internationalization«), and explaining why we think internationalization need not defeat egalitarianism. Next, we sketch an account of the troubles faced by social democracy as a specific form of egalitarian politics, an account that suggests new conditions that a successor egalitarian politics needs to meet. Third and fourth, we sketch such an alternative – a »new egalitarian« strategy and project – first considering its governance strategy and political base and then its specifically egalitarian policy components. Fifth and finally, we return to internationalization, arguing that this new egalitarianism can meet the challenges it presents.

Though we present our argument in abstract terms, the United States (the case we know best) provides an implicit point of reference throughout. This may invite objection, as the strength and relative independence of the U.S. may make it seem an »easy case« (our own view is that the great internal diversity of U.S. society, along with the relatively weak hold of egalitarianism on politics within it, make it at least as much a »hard« one), but the objection does not particularly concern us. Our principal purpose here is to argue against a very general line of argument that draws skeptical conclusions about the contemporary relevance of egalitarian ideals on the basis of alleged facts about internationalization, and to suggest a new sort of egalitarian politics robust in light of those (and other, in our view more relevant) facts. If our discussion of the new egalitarianism is plausible, then there is no compelling argument for skepticism. We might then proceed to considering whether our positive view is limited to the American case, but interna-

tionalization would, whatever the answer to that question, no longer be a general conversation-stopper.

1 The Problem

The *egalitarianism* in our title names a family of political conceptions of justice that aim, in general terms, at »a reconciliation of liberty with equality.« Though the problems we explore here will arise for any member of this family, we simplify the exposition by stipulating a particular view.¹ We assume a conception of justice that comprises a commitment to universal civil and political liberties, and three egalitarian principles: a requirement of substantive political equality, ensuring that citizens, irrespective of economic position, have equal opportunities for influence over authoritative collective decisions; a requirement of real (as distinct from merely formal) equality of opportunity, condemning inequalities of advantage tracing to differences in social background; and a conception of the general welfare assigning priority to improving the conditions of the least well-off.

By *internationalization* we mean a set of economic conditions comprising the growing importance of multinational firms with geographically dispersed production, increased foreign direct investment, and the growing ease of movement of products and capital across national borders. Other, less narrowly economic, phenomena are sometimes associated with internationalization – in particular, cross-border cultural and other communication – but we limit ourselves to the more clearly economic because it is that which, according to a certain familiar argument, is said to have caused trouble for egalitarianism.

The argument goes as follows. Assume an unregulated market economy, with its tendencies to inequality, the reward of morally irrelevant aspects of persons (luck, talent, whatever), and the exploitation of dominant bargaining positions. Assume a regulatory framework seeking in some measure to mitigate those anti-egalitarian effects. Such a framework, by imposing limits on investor choice or more stringent demands on capital's performance, will limit capital's autonomy or drive up costs. Unless governments are prepared to impose limits on the movement of capital or limit access to their domestic

1 We take the basics of the view from John Rawls (1971).

market to those complying with its regulatory terms – both difficult to sustain – internationalization means that investors will almost always be able to find less restrictive and costly options elsewhere. And their exit to such alternatives, or even their threat of exit, will weaken the regulatory resolve of citizens and governments. Citizens who might otherwise have sought collective solutions to common problems will hesitate and, in that hesitation, increasingly be drawn to more particularistic or individualistic strategies to advance their own good. Partly because of its structural infeasibility (the actual existence of exit threats and so on), partly because of internal defection from its constraining terms, the egalitarian idea that we might »agree to share in one another’s fate« and that »in designing institutions [citizens] might undertake to avail themselves of the accidents of nature and social circumstance only when doing so is for the common benefit« will recede (Rawls 1971: 102). Uncoupled from any realistic political project, it will – ascending or descending from social reality – return to its traditional standing as utopian moral aspiration or article of personal faith.

What gives this story appeal is a combination of things: the coincidence of widespread retreat from social democratic programs and increasing internationalization, the internationalization-invoking rhetoric of corporate elites and policy-makers in justifying that retreat, the enormous popular anxiety provoked by all sorts of unsettling economic change – and consequent search for some explanation of it. In the end, though, we are frankly skeptical about the importance it assigns to internationalization in actually explaining current problems in economic performance, political disarray, constraints on policy, and political sensibilities. The large role of non-tradable services in current economies, for example, certainly suggests that other factors are at work in accounting for economic performance. Among countries equally exposed to competition, variation in political arrangements and wage outcomes suggest a large role for political maneuver. But we will not press this skepticism, in part because the proposals we wish to defend would have considerable force even if internationalization and its economic impact were of much greater importance than we take them to be. Our crucial point of disagreement with the conventional story is its assumption that internationalization induces a competitive race to the regulatory bottom – to a distinctly inegalitarian system of natural liberty. And this assumption is driven by the thought that a regulated regime cannot be made sufficiently attractive to hold mobile investors in place – that it is, so to speak, all cost and no benefit. We do not believe that to be the case.

As pertains to egalitarian governance and its social support, the gist of our proposed new egalitarianism is to advance egalitarian-democratic norms by devolving certain characteristically state responsibilities, in particular collective problem-solving responsibilities, to deliberative arenas that are closer to the problems that call for solution, that cut across conventional public-private lines, and that are parts of networks of similarly situated problem-solvers. Generally speaking, our claim is that such devolution would solve two essential problems at once: it would help to (re)create a social base of support for egalitarian practice, and foster the social learning and problem-solving capacities that are essential to restoring egalitarian democracy to the realm of practical possibility. Applied to the argument from internationalization in particular, our claim is that the increase in learning and problem-solving capacities achieved through devolution could provide real benefits to firms (and eventually lock a sufficient share of them in place to provide the economic base for more egalitarian order). In particular, it would help in producing a series of quasi-public goods that are critical to economic performance, that firms will not provide on their own, and that the state cannot be relied on to provide – for example, such goods as effective systems of training, technology diffusion, regional labor market administration, and a more effective because more coordinated delivery of welfare services. If this is right, the new egalitarianism would reduce the attractions of exit and the credibility of threats of exit, even from relatively egalitarian regimes, and it would reestablish conditions favorable to pursuing cooperative solutions to common problems.

2 The Old Solution

Appreciation of this proposal is helped by notice of the problems in social democratic governance and mass politics that partly motivate it.

Social democracy was, at once, a working-class and a universalistic political project. It offered a redistribution of income toward workers and limited power-sharing, in both the firm and the state, between workers and capitalists. Keynesianism connected particular and universal by linking this support for interests of workers to projects of general social advantage. Wage increases or state-led redistribution toward labor increased effective demand, which was captured by domestic firms supplying employment; stabilization of markets encouraged investment, which increased productivity,

which lowered the real costs of consumption goods, which, along with wage increases, spurred further consumption and rising living standards for all. By correcting unfair market distributions, it provided for the general benefit. Organizationally, too, social democracy married class and universal appeal. In everyday politics and governance, strong industrial union movements made deals with »monopoly« capital directly – in centralized systems of wage-bargaining – or through the state – classically, exchanging wage moderation for commitments to increased social welfare spending and guarantees of full employment. By relieving some of the competition among capitalists, these deals facilitated cooperation between the classes in meeting the more stringent standards on capitalist performance they also imposed.

Neither the product of nature, nor a mere ruse of reason, this conjunction of particular and universal depended on a set of background conditions that included, most prominently:

- A nation-state capable of directive control of the economic environment within its territory. This control assumed a national economy sufficiently insulated from foreign competitors that the benefits of demand-stimulus could be reliably captured within its borders, and a monetary policy apparatus sufficiently insulated from world-wide financial flows to permit unilateral correctives to recession. Moreover, the sheer competence of the state in managing the macro-economy provided a material rationale for participation in national political discourse.
- The organization of capital into a system dominated by mass production and an economy dominated by large, leading, stable firms in different key industry clusters. Such firms provided ready targets for worker organization, and levers in extending the benefits of organization throughout the economy they dominated. In the mass production setting, firm stability also meant career stability for workers within them. That stability in turn facilitated the evolution of the »industrial« model of union organization. Moreover, by limiting the force of traditional craft divisions and visibly clarifying the distinctive interests of labor and capital, mass production gave experiential immediacy to class consciousness. In turn, this consciousness, on the part of a more or less determinate working class, the strength and superiority of whose organization dwarfed other secular, non-business organizations, provided the social base for a politics of equality.

In short, social democracy relied on the state as the principal locus of governance – collective learning and problem solving – and depended on

a working class rooted in mass production as the social foundation for its egalitarianism. All of this has now changed, and the terms of the changes carry important implications for an egalitarian political project.

- The state is now a less resourceful ally. Internationalization is part of the story: it has qualified demand management policies by qualifying the degree to which demand will be met by domestic firms, and indeed enlarged domestic capital's possibilities of exit from egalitarian regimes. At least as large a problem, however, is change in the problems the state is asked to address, the effect of which is to highlight the limits of state competence. With a greater recognized range of social interests and less self-regulation by disintegrating communities, the state is asked to regulate more broadly and extensively than in the past. But it often lacks the local knowledge needed to determine appropriate standards or the most appropriate means to their satisfaction in diverse circumstances; its monitoring and enforcement capacity, especially in areas requiring compliance across numerous, dispersed, and volatile sites, is inadequate; so too is its ability to administer solutions that demand coordination across policy domains and communities of interest. As a result, the state is commonly, and in considerable measure properly, perceived as incompetent.
- Traditional mass production has collapsed, resulting in increased social heterogeneity. Competition among firms has vastly increased, with attendant changes in the organization of production. Those changes are diverse: greater dynamism in (often loosely coordinated) small firms, more decentralization and horizontal coordination within large firms, and, within and across more decentralized units, increased variation in the terms and conditions of work, the structures of career paths and rewards, the marketability of heterogeneous skills. The common thread running through these changes is that they disrupt the commonalities of experience that provided the foundation of traditional industrial unionism. Even before it is enlarged by variations across worksites, moreover, workforce heterogeneity is underscored by increased mobility of workers across firms, greater self-employment and limited-term contract employment, and the increased distance of worksites from homes.

Increased workforce heterogeneity complicates the regulatory problem of developing general standards on economic performance and wage and benefit equality. At the same time, it disrupts the politics of such equalization. By reducing the importance of predictably stable employment for workers performing relatively common tasks, the decline of mass production has un-

made the working class as a mass agent. Moreover, because the articulation of work and family within the welfare state meant that conceptions of class were gendered, the increases of women's labor market participation have had similar effects. In brief, workforce heterogeneity now approximates the heterogeneity of the broader society, qualifying the working class as a determinate agent of that society's transformation.

Relatedly, politically heterogeneity has itself increased. For a generation now, interests not best organized from the standpoint of formal class positions – interests in gender or racial justice, self-government by national groups, ethnic rights, the environment – have been expressed with a robustness and intensity exceeding those of class. Moreover, they are not seen as reducible to class concerns, and are jointly pursued at least in part through cross-class alliances. As a result, any mass egalitarian politics limited to class concerns would likely be doomed. But no new, more capacious solidarity appears to be emerging out of this heterogeneity of interests. Nor is there any obvious basis in everyday life and culture for such emergence.

With its means of administration widely regarded as incompetent or worse, its social base fragmenting, and its political cohesion come unstuck, social democracy fell on hard times. The depth of these troubles underscore the need to look for a fundamentally different institutional model. They underscore, too, that such a model cannot simply derive new institutions and policies from compelling principles of justice – as though egalitarians could simply assume a freestanding and motivationally forceful commitment to their principles. It must instead take the sources of disruption of social democracy seriously. And that means presenting an institutional model that promises to rebuild collective problem-solving capacities and harness them to egalitarian practice, and describe the social base of support for such practice, as well as the politics that might advance it.

3 A New Solution

The new-egalitarian proposal emerges from two ideas ingredient in our diagnosis of social democracy's troubles. First, any well-functioning democratic order requires a social base. Beyond the world of voters and parties, organizations are needed to ensure representation for otherwise underrepresented interests, as with trade unions or other independent worker organizations. Without them, there is no hope of meeting the conditions of political

equality or distributive equity: Poorer interests will go unrepresented; and if they do go underrepresented, then the balance of political and economic bargaining power will defeat norms requiring real equality of opportunity and priority to the least advantaged.

Second, organizations and structured arenas of collective deliberation not entirely within the state *can* facilitate increases in social regulatory competence. Consider, for example, the joint role played by unions and employer associations in establishing standards on worker training in all well-functioning training systems, or the role that environmental organizations sometimes play in helping to define standards on the use of toxics, or the role of health and safety committees in workplaces in monitoring the enforcement of standards.

But third, the right kinds of organizations and arenas of association do not naturally or spontaneously arise – either for the purposes of assuring fair political equality, or for the problem-solving required in a successful egalitarian order. Nor, putting aside fortuitous contributions of nature and spontaneity, is there any evident tendency for them to emerge out of the current heterogeneity of political aspirations.

Premising the need for a social base, the importance of supplementing the state's now-diminished problem-solving competence, and the fact that such environment and supplement do not arise spontaneously and are not on the political horizon, we have argued elsewhere for the idea of an »associative democracy« – for using public powers to foster egalitarian-democratic ideals by fostering the organization and activity of associations intermediate between state and market (see Cohen and Rogers 1995). As distinct from conventional pluralism – or egalitarian-pluralist ideals of an open and balanced competition among organizations for influence over legislatures and administrative agencies – the associative idea was that intermediate associations could themselves serve as problem solvers, taking up the slack left by a less competent state. Our thought was not that groups should displace public authority, or merely proceed more actively alongside it, much less that they would serve chiefly to accumulate the »social capital« on which successful democratic politics depends. Rather, it was that they could be relied on more self-consciously, and encouraged more explicitly, in the design of public programs, as mechanisms to expand that capacity – and then in ways that also served to better equalize political power.

This idea remains a good one, we think, but the »associative« descriptor misled in its apparent privileging of intermediate associations – a distinct category of organization – as the means of carrying it out, and we forsake it

here. Let us just say that there is there is a need for the devolution of learning and problem-solving to units of decision-making closer to the problem; that those units will be neither conventionally public (because they operate autonomously from the dictates of legislatures or public agencies), nor conventionally private (because they exercise problem-solving powers, and operate through citizen-discussion rather than an assignment of property rights); and that they operate within networks of similar problem-solvers, comparing solutions across sites with an eye to improvement – while leaving the precise organization form of that open to variation.² And, as we have begun to do already, let's simply call the governing philosophy which fosters this devolutionary problem-solving a »new egalitarianism.«

The benefits of this new form of governance for fair political equality seem clear enough. So we concentrate here on its capacity to relieve some of the difficulties in problem-solving now faced by democracies – difficulties which, if not relieved, will prevent any egalitarian project from getting off the ground.

Generally speaking, the idea of a substantial regulatory role for local deliberative arenas reflects a sense of the limits of the capacity of the state to solve problems efficiently and competently at diverse sites. These limits appear in four kinds of cases:

- a) When the sites at which a problem arises and requires address are too numerous and dispersed for easy or low cost centralized monitoring of compliance with regulations. Even if uniform and stable regulations across such sites were appropriate, these conditions would suggest a need for decentralizing the capacity to monitor compliance. Discussions of workplace health and safety regulation commonly emphasize this problem: too many workplaces for a central inspectorate to review.
- b) When the diversity of sites at which similar problems arise suggests that problem solvers at different sites will want to employ different means to achieve similar aims and also to specify their aims differently.
- c) When the volatility of the problems faced at particular sites suggests a need for continuous reflection on means and ends, and the importance of adjusting both in light of new information about the environment.
- d) When the complexity of problems and solutions – where problems are substantially the product of multiple causes and connected with other problems, crossing conventional policy domains and processes – implies

2 For discussion, see Joshua Cohen and Charles Sabel (1997: 313–342).

that the appropriate strategy requires coordination across those domains. Urban poverty, local economic development, and effective social service delivery are among the familiar problems that occupy this class. Solving them plausibly requires cooperation across quite different institutions and groups – for example, lending institutions, health care providers, technology diffusers, education and training establishments, housing authorities, community development corporations, neighborhood associations.

The new egalitarian conception of governance proposes to address these limits to problem-solving – and particularly the mix of dispersion, diversity, volatility, and complexity – through explicit reliance on the distinctive capacity of local, deliberative problem-solving bodies to gather local information, monitor compliance, and promote cooperation. It is, in effect, a program of more direct citizen participation in deliberative problem-solving, and recommends the construction of new arenas for public deliberation that lie outside conventional political arenas. The aim of these arenas would be to establish the coordination between private and public actors necessary for problem-solving.

That, anyway, is the idea. But even if all agree that the state's problem-solving capacities are limited – particularly in a high-diversity, high-volatility, high-complexity environment – why suppose that deliberative arenas would represent an improvement?

For several reasons, actually. First, the parties to the discussion are presumed to have relevant local knowledge, and to be well-positioned to understand changes in local circumstance; moreover, they can put that information to good use because they understand the terrain better than more distant actors and have a more immediate stake in the solution. Second, assuming a shared concern to address a problem, a fair background, and an expectation that the results of deliberation will regulate subsequent action, the participants would naturally tend to be more other-regarding in their political practice than they would otherwise be inclined to be. Here the structure of discussion – the requirement of finding a solution that others can agree to, rather than pressuring the state for a solution – would foster debate that respects and advances more general interests. Third, other-regardingness would encourage a more complete revelation of private information, permitting sharper definition of problems and solutions. Pursuing discussion in deliberative arenas, with enduring differences among participants, would also incline parties to be more reflective in their definition of problems and proposed strategies for solution. This would tend to free discussion from the

preconceptions that commonly limit the consideration of options within more narrowly defined groups, again enabling a more complete and imaginative definition of solutions. Monitoring in the implementation of agreements would also be a natural byproduct of ongoing discussion, generating a further pool of shared information. Fourth, if things work, the result would be a mutual confidence that fosters future cooperation. In short, new egalitarian governance holds plausible promise of getting more efficient and complete strategies for problem-solving, based on better information about concerns and options, and of generating increasing capacity and willingness to do so in the future.

But even if these speculative judgments are accepted, it might be said that this proposal is an improbable direction for egalitarian strategy. Put most strongly, the objection is that it would worsen the social base problem because the role of organized groups in problem-solving would tie political identities to those groups rather than to the position of equal citizen. That tie, in turn, would undermine the integrative function of a democratic state and the position of equal citizen within it, thus undercutting the social base of support required for an egalitarian order.

This concern misconceives, we think, the new egalitarian project, and the central role of collective learning and problem-solving within it. The point is not to foster traditional group solidarities, but to construct less organic, more immediately political solidarities through a deliberative process of defining and addressing common concerns. It is one thing for a well-funded union, with a well-defined identity to be asked to participate in the design of training standards of obvious concern to it as well as the broader society. It is very different for a new or under-funded community environmental organization to gain resources and greater organizational life in exchange for helping to design an environmental »early warning« system, which is to provide notice of emerging problems of pollution, before they become unmanageable. In this case, support for the group is tied to public service. Similarly, we might imagine a neighborhood association and economic development corporation in a poor community receiving assistance conditional on their jointly organizing a training program for parents and a child care program for trainees as part of a broader job-training effort. What is important in these cases is that group participation and public support are tied to a project of public advantage.

The solidarities characteristic of such efforts will be the bonds of people with common concerns – for example, a concern to fight persistent urban poverty – and who treat one another as equal partners in addressing of those

shared concerns. Deliberative arenas established for coordinated problem-solving would bring together people who have different social identities but who also share concrete concerns, and operate under considerable uncertainty about how to address them. That uncertainty, the pressure for finding a common solution strategy, and the disciplining focus of the problems themselves would combine, in healthy ways, to foster bonds more closely analogous to the solidarities of citizenship than to the narrower group identities associated with factional politics.

4 What About Equality?

Assume that this new-egalitarian strategy is plausible and desirable. Still, our original question remains. What happens if such a system adopts explicitly egalitarian distributive strategies? What, then, are the effects of internationalization? More pointedly, is there any reason to believe that the strategy we have suggested as a worthy successor of social democracy would be supportive of, or robust given, the introduction of policies – like those associated with social democracy – designed to achieve fair equality of opportunity or to maximize the well-being of the least advantaged? Admitting some room for maneuver as to means, we think, once more, that the answer is »yes.«

Before explaining why, let's first clarify the terms of the question. The new-egalitarian system of problem solving would, to be sure, contribute to equality in many ways. By making politics more attentive to problems in the »natural« distribution of political power, it would meliorate inequalities in that distribution. By strengthening social problem-solving capacities, it would generate more public goods and a more robust sense of the social, and thus weigh against the grossest forms of neglect, particularism, and defection. By generally increasing capacities to respond to economic change, it would expand the range of those capable of making that response, and thus preserve or improve their labor market position. And by explicitly widening the range of those citizens and groups from whom contribution was sought, it would naturally widen as well the range of those rewarded for such contribution.

Still, inequality-generating market capitalism would remain – and still require, for egalitarians, policies with the explicit purpose and effect of detaching welfare from the vagaries of class origin, personal endowment, and luck, not to mention the business cycle.

The precise form of those policies, however, is open to discussion. Social democracy sought to meliorate the consequences of the exercise of capitalist property rights through popular organization and political power. Leaving the basic assignment of those rights undisturbed, it countered them with unions, political parties, and the welfare state – all essentially intent on income redistribution to particular sub-categories of citizens (the aged, the poor, the disabled, the unemployed) judged to be needy. The degree of particularity, of course, varied across welfare states. In the most advanced Nordic cases, a substantial »social wage« was assured to all adults. In the U.S. case, outside universal income and medical insurance for the aged, efforts were generally more »means-tested« – limited to those with substantially substandard incomes. But today, the first sort of strategy is questioned on fiscal and labor-supply grounds; at great cost, it provides income to many who do not need it, while its very generosity creates dependency traps for potential labor market participants. And the second sort of strategy has always suffered (today, almost fatally) from the lack of political support that follows from its narrowed focus on the very poor – programs for whom tend to be poor programs, without the resources to move individuals from dependency.

Learning from this experience, we would recommend two key shifts in emphasis in egalitarian policy.

First, and critically, we should emphasize generic, asset-based, redistributive strategies. In effect, a »citizen dividend« of supports – including not just income and insurance but productive assets, market rights, and resources needed for citizenship. Implicit targeting to the needy poor and the middle class (who obviously need to get more united in their politics) could be provided through progressive »tax universalism« – the taxation of social as well as private income, with a progressive rate structure defined over the combination of income from both sources. Such a scheme would, we believe, better combine the political popularity of generic programs with the greater efficiency of means-tested ones.

Second, as an added source of stability, and because of the emphasis on ensuring capacities to participate in deliberative arenas, we favor some shifting of the redistributive package backward in the life-course, with a greater share of benefits devoted to getting children off to a good start. While preserving access to insurance and other supports for adults – no need for an unforgiving, »we get you to the starting line, and you're on your own thereafter« policy – its essential aim would be to ensure the capacities for participating in collective problem-solving and fair access to labor markets

before income is earned rather than principally correcting for the results of unequal chances through post-tax transfers.

Now, returning to the question of »fit« between these sorts of policies and the new egalitarian governance strategy explored in the last section, we think the fit is good: indeed, our proposed new egalitarian equality policies and new egalitarian governance have an almost natural affinity. The latter seeks to remedy the mismatch noted earlier: to accommodate changes in the organization of capitalism – supply-side productivity problems and the need for improved coordination to solve them, greater heterogeneity of skills and tasks in production, and the increased relative importance of human capital – by more deliberately harnessing social organization to the achievement of productive ends, submitting regulatory regimes to more exacting standards of efficiency, improving human capital systems, and otherwise promoting a supply-side egalitarianism of enhanced equality in economic endowment. Even as it imposes social standards on markets, it accepts their competitive operation. And it responds to the decline in organic solidarities by attempting to develop, through deliberative arenas dedicated to recognized social problems, a form of universalism and other-regardingness disciplined by pragmatic achievement, prominently including achievement in the economy itself. A higher social wage with more focus on redistribution of productive assets and market rights (facilitated by tax universalism, and pushed backward in the life course) has much the same quality. It would be a highly flexible, individually-centered, market-friendly sort of egalitarian policy. It would contribute to equalizing individual productivity; indeed, it would substantially motivate egalitarianism through that contribution. And its generic character would help ensure coverage of the least well-off both directly, and indirectly by expanding the social base of the welfare state – and then in a way that explicitly promoted a new sense of shared citizenship, and norms on contribution and reward within the broader polity that citizenship helps describe.

This affinity, moreover, need not only be appreciated in the abstract. Equalization of assets makes the popular administration – the governance associated with new-egalitarianism – more plausible. By increasing labor's bargaining power, a higher social wage drives the economy toward production systems that depend essentially and visibly on contributions from organized people. Greater equality in the possession of productivity-enhancing assets both widens the range of those able to make such a contribution, and increases the need to organize them to make it. And bottom-line protections

of all facilitate cooperation among them, as more equalized assets give assurance that trusting collaboration not be mortally risky.

5 Does Internationalization Erase This Picture?

Finally, devolution to deliberative arenas under conditions of greater equality in basic income and productive assets provides, at least plausibly, a powerful antidote to the rootlessness of capital and degeneration of social solidarities that threaten traditional egalitarian regimes – even under conditions of internationalization. So we claim. The considerations that lead us to this conclusion are best appreciated, in the first instance, at the sub-national level, in the operation of regional labor markets.

Despite all the talk of international wage equalization, vast variation in the productive factors purportedly being equalized across trading regimes, and the contribution of social organization and public policy to holding those factors in place, permit us still to assert room for maneuver in the organization of trading economies. Indeed, in the U.S. case, newly beginning to be approximated by OECD Europe, stagnating wages and rising inequality result less from international pressures themselves than from policy choices and failures of social organization at home.

Specifically – consider the usual caveats on generalization to be in place – we have made »low-road« strategies of response to new competitive pressures too easy and »high-road« strategies too hard. Low-road firms compete chiefly by keeping prices down, which means keeping costs down – beginning, typically, with wages. Applied across the economy, low-road strategies lead to sweated workers, economic insecurity, rising inequality, poisonous labor relations, and degraded natural environments. Without neglecting price concerns, high-road firms compete more on product or service quality (with higher wages supported by customer willingness to pay for higher quality), require continual innovation in quality, and thus depend on more skilled and cooperative workers. Generalized, high-road strategies are associated with higher productivity, higher pay and better labor relations, reduced environmental damage, and greater firm commitment to the health and stability of surrounding human communities (needed to attract and keep skilled workers and managers). Firms can make plenty of money on either path, but social gains are vastly greater on the high road. The principal political-economic

failure of the past two decades in the US is that we have not made the collective choices necessary to move the economy to it. Moving to the high road is associated with various transition costs, and staying on it requires the ample provision of those quasi-public goods mentioned earlier (effective training systems, modernization services, etc.) as well as barriers to low-road defection. The latter supports require changes in public policy that have generally not been made, and cooperation among a number of private actors, and between them and the state, of the sort not generally achieved either.

In a new egalitarian order, however, such choices could be made within properly-organized regional economies, which typically have the requisite scale and scope to provide themselves with distinctive production systems. And, once made, they would incline firms toward production strategies that relied upon them, and via those strategies toward investment in additional capacity within those regions themselves. In addition to improving the economic health of regions, the effect of this would be to tie down a growing share of investment, which would in effect be investment in locationally-immobile public goods. The devolution of more productive assets to workers would have the same effect, achieved through simpler means: given their affective bonds and particularistic sources of identity, people move around less frequently than firms and currency; and local investment provides them with the double bounce of market return and improvement in the quality of their community life. As the capacity of the region grows accordingly, the ability to capture local demand locally also grows, fostering local well-being. As the density of advanced firms increases, cross-learning and all manner of efficiencies in joint production can be realized, leading to the increasing returns on investment that follow from agglomeration. And all this, by contributing to density and income, provides an expanding base for traditional public goods – contributing to greater equality by making less of life's quality determined by private income – and generous egalitarian policies. Rising income in a context of lessened need reduces resistance to paying the taxes that are the »price of civilization« – especially when, as in our proposed scheme, there is implicit targeting based on those private incomes, and a greater share of social expenditure is directed at those manifestly innocent of laziness. Finally, the breadth of the supports arguably makes citizens more willing to pay for them.

Returning to the internationalization issue – to the extent that the supports for egalitarian policies are needed only within particular regions, then, there appears to be no problem. That is, assuming an appropriate national or supra-regional policy and institutional background for productive solidarity

at the regional level, we can think our way toward some sort of sustainable, even vibrant, democratic ordering at that scale.

The issue, of course, is whether that background itself could be manufactured in the same way the regional one was, and whether it, like the regional institutions, would have the requisite social base. What might be thought more likely – even inevitable, given competition among regions, and their inability to set the terms of global competition – is some sort of political balkanization. In this scenario, differences in the wealth of regions would persist; rich regions would withdraw from any broader regime requiring contribution in excess of reward, exacerbating those differences; as regional inequalities compounded, the costs of cooperation across them would rise and enticements to defection proportionately increase. The minimal (regional) scale for productive solidarity might thus become the maximum one as well. But this, assuming some significant regional dependence on appropriate supra-regional institutions and policies, would amount to saying that the minimum itself would be unstable.

How, then, do we plausibly imagine the production of supra-regional solidarities within the scheme just outlined? More demandingly, why do we think that this sort of regional ordering would lead naturally to the production and maintenance of such solidarities, and the extension of new egalitarian practices?

Again, for several reasons. To begin with the least powerful, but not powerless: basic notions of fairness and increased perception of common risks would provide some base for broadening. On fairness, the notion of equalizing capacities for contribution – which we assume to be operative at the regional level – knows no particular bounds. Nor does the notion (also institutionalized) of increasing the relative weight of social income and public goods in the welfare mix, and implicitly targeting such income on the basis of private income. On risk, the sheer volatility and unpredictability of effective competitive strategies should alert even members of successful regions that their well-being may not be permanent. Whatever the relationship is between solidarity and economic security, it appears not to be linear. At moments of security, common humanity is easily recognized. As insecurity increases, *sauve qui peut* politics find widened audience. But a still wider appreciation of insecurity generates interest in collective authorship of insurance against it – and something like that wider appreciation of insecurity is central to the associative order we imagine. It has no illusions about forestalling change, and recognizes the disruption that it can bring.

More directly, however, there are reasons to think that regions would recognize the need for a national framework in order to further their own local invention.

Fear of competition from other regions would be one aspect of this. For the poor, the need for access to productive inputs and markets from the better-off provides some reason for mutual governance. For the more powerful rich, fear of low-roading by poorer regions – and thus an eating away of the margins of their high-road enterprises, defection to the low-road by them, resulting tax base erosion, declines in public goods – provides the same.

More positively, the same interest in mutual learning and problem-solving that operates intra-regionally might also extend across regions. That is, regions seeking increased capacity would naturally look to others (as well as within themselves) to help provide capacity, to provide performance benchmarks, or to reconcile their productive strategies with those pursued elsewhere. Those looking for improvements in their administrative or economic practice will look for examples elsewhere. And the harnessing of such interest in joint production or accommodation, or learning, requires some framework for discussion (and assurances to those in that discussion) analogous to those provided at the regional level.

Putting these forces together, we can imagine a supra-regional deliberative politics, and attendant egalitarian policies, finding broad support from diversely-situated regions. As at the regional level, solidarities could in some measure be induced through attention to problem-solving, and discrete supports for neglected representative institutions or cooperation among non-neglected could be provided on terms widely recognized and accepted. Premising economic interdependence, supra-regional authorities could reasonably require, as a condition of their support for regional ones, limits to destructive regional competition and affirmative efforts to compare practices and realize gains from cooperation. And the clear interest of the most powerful regions in their doing so would provide centrifugal pressures for feeding the »center« enough resources to make such incentives compelling. It is not much of a step to imagine the reconstruction of encompassing governing institutions.

And while the relation of these more functionally rooted institutions to existing national ones – or emerging transnational arrangements, in the case of the European Union – is uncertain (working out that relation is the central task of new constitutional theorizing), dim outlines can already be grasped. Legislatures would be more devoted to specifying the ends of action than the means, and to providing resources needed by local problem-solvers. Execu-

tives and administrative agencies would be more devoted to organizing private support for action, and facilitating the coordination of separate problem-solving bodies and comparisons of their solutions, rather than simply assuming additional administrative tasks themselves. The dividing lines between government and devolved public-private forms of regulation would be found through experiment more than constitutional dogma. And the judiciary would be less privileged as an interpreter of the specific requirements of constitutional order, while more directive in specifying the considerations required of other, more popular arenas of deliberation.

In thinking this through, in working out the institutional design and constitutional political economy of new egalitarianism, there is certainly much to struggle and ponder over. And, perhaps, in the end, that effort will be defeated. Future egalitarians may sorrowfully reach the conclusion that deep inequalities of human chances and fates come with the human territory, or finally accept the libertarian condemnations of egalitarianism as disguised paternalism. What we find less plausible is that growing economic interdependence, even on a global scale, will provide the great, decisive, insuperable barrier to realizing egalitarian values. Indeed, at risk of overstatement, internationalization strikes us as a distinctly secondary problem, almost a distraction to the real task at hand – a distraction that reflects current limits on political imagination rather than explaining them.

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