Renewing Democracy through Associations

Paul Hirst

Associative democracy is a normative political theory. Its core propositions are as follows:

1. That as many social activities as possible should be devolved to self-governing voluntary associations.
2. That by doing so the complexity of the state will be reduced and the classical mechanisms of democratic representative government will be able to work better.
3. That self-governing voluntary associations should, wherever possible, replace forms of hierarchical corporate power. This would give the affected interests voice and thus promote government by consent throughout society and not merely formally in the state.
4. That for many essential public functions, such as health provision, education and welfare, voluntary associations should provide the service and receive public funds for doing so.

Associationalists contend that there are in any complex and free society different versions of what the good life should be and the task of the state is to help realize as many of these as possible not to impose one of them. The state can and must perform the core functions of assuring public peace, adjudicating in clashes of norms and mobilizing resources for public purposes. Unlike economic liberal doctrines that seek to limit the functions of the state and expand the scope of the market, associationalism seeks to expand the scope of democratic governance in civil society. It also like free market doctrines seeks to promote choice through competition, but it does so by giving individuals the option to move between non-profit making associations. Individuals have voice within associations and the option of periodic exit to move between them. This combination constrains associations to attend to the needs of their members, if voice fails or is too arduous then exit is an effective challenge to entrenched oligarchy.

Associationalism is thus a political theory that combines a normative appeal with an account of the working of institutions. It is relatively unusual in that modern political theory has tended to become purely normative, concerned with exploring concepts like equality or rights, and in consequence concern for the effects of institutions has fallen to political science. In this sense its combination of advocacy and reference to institutions is much more like traditional political theory, such as Aristotle or Rousseau. This does not mean that it is old fashioned. The present division between normative and supposedly value-free discourses is not helpful in promoting political debate about institutions.

Associationalist doctrines have a long pedigree stretching back to the early nineteenth century. Associationalism is the original “Third Way” between free-market capitalism and centralized state socialism. It declined from the 1920s onwards with the success of political movements advocating state socialism and the increasing concentration of state power inevitable in a century of social and international conflict. Associationalism returned in the late twentieth century as doctrine of social reform and democratic renewal. It attempts to address a double crisis of the declining
effectiveness of representative democracy and the increasing dissatisfaction with centralized and standardized state welfare. It attempts to address the issue of democratic accountability in extensive public service states by separating funding and provision, making the state responsible for core decisions about the scope and cost of services but not attempting to perform the conflicting roles of provider and source of accountability for provision. Associationalism argues that far from being one welfare state, there would be as many as citizens chose to organize, catering for the different values of individuals, but based on common basic public entitlements. Individuals could then top up the basic public provision distributed according to membership and thus craft or enhance services to meet their own needs. In this way they would control their own collective consumption and be willing to contribute to common public services (associations would only receive public funds if they were open to all and willing to provide a service on the basis of public entitlements). Associationism has returned as a doctrine of renewal in several contexts: as a means of promoting decentralized but public governance as a counter to economic liberal dominance of public debate in the USA; as a means of countering excessive centralization in the UK and also addressing the crippling effects of tax aversion on welfare; and in Italy as a means of coping with the problems of the failure of the central state by relying on civil society and the third sector to provide governance and services. Other societies like Denmark or the Netherlands have long put associative principles into practice, and it can be seen that their democratic institutions have benefited from such decentralization and pluralism.

Associationism has the merit, as we shall see below, that unlike most political doctrines, it confronts the fact that we live in a society where goods and services, public and private, are mostly provided by large hierarchically directed organizations. These are organizations over which consumers have little control through voice and frequently have no real option of exit. The widespread processes of privatization of public services and the conversion of government bodies into quasi-autonomous agencies reinforces this character of modern societies as organizational societies and blurs the division between public and private spheres. Of all the reform doctrines now current, only associationalism gives due recognition to the reality of an organizational society and seeks to address the problem by democratizing institutions in civil society and by decentralizing the state. It thus responds to the blurring of the public-private divide by attempting to install mechanisms of democratic governance in the institutions on both sides.

This is a very condensed account of associationalism and leaves out many issues and specific features of the doctrine. It has the purpose of reminding us that this is a very specific kind of political theory, one that is careful to combine facts and values, and to make the realization of its value claims dependent on propositions about the attainability of certain states of affairs. Thus there are contexts in which associational governance cannot work and, indeed, circumstances in which such decentralized and pluralistic governance would be undesirable, such as a severe ecological crisis in which it was necessary to ration scarce resources in the public good through state centralization.
The Crisis of Actually Existing Democracy

There are now no credible alternatives to representative government based on universal suffrage as the principal form of governance in nation states. This is what we commonly mean by democracy today. In the last 20 years there have been numerous regime changes in Latin America, Eastern Europe, East Asia and Africa, leading to the adoption of multi-party democracy. Thus democracy is the only game in town, but it is in bad shape. There are no positive alternative regimes, only failed states and authoritarian regimes with little legitimacy other than the fact that real representative government is impossible under current social and political conditions. The two principal current intellectual challenges to conventional democratic theory, associative democracy and deliberative democracy, are seen, even by their advocates, as supplements to rather than complete replacements for representative democracy. Ideas of leader-democracy, direct democracy based on councils or soviets, and one-party developmental states have been almost totally discredited. Yet they were current into the 1970s. In the 1930s, moreover, the democracies were besieged. The democracies were few in number, they were threatened by powerful authoritarian states, and liberal democratic ideas were widely perceived by intellectuals of the right and left as obsolete bourgeois notions.

In part, of course, democracy is in crisis because it is the only game in town and it does not have enemies. One can no longer point to the Hitler State or the Soviet Union and thus legitimate democracy by the vicious consequences of the alternatives. Democracy has to be legitimated by its own values and it is increasingly failing the test. Political systems that do not face competitors will tend to stagnate in the absence of external challenge. If representative government becomes taken for granted, merely part of the political plumbing, then the core democratic values will atrophy. The problem is that democracy, as a political system requires at least a minimum level of public commitment and popular participation.

The crisis of democratic governance today is fourfold.

First, there is the fact of the widespread decline of political participation in the mature democracies. In the UK general election of 2001 only 59.4% of the electorate voted and the government was elected on 25% of the vote with a massive majority (the latter fact is an artifact of the UK’s first past the post system but it does nothing for the legitimacy of the resulting government). Such trends are not recent in countries like the USA, but they are now beginning to appear in countries with a strong record of political participation like Switzerland. This can be read as a high level of satisfaction with the existing state of affairs and, in a context of post-ideological politics, indifference as to which party wins the election. There is some truth in this but to conclude that participation is not a problem would be complacent Declining participation is coupled with evidence of widespread alienation from politics and dissatisfaction with politicians. Elections no longer confer lasting legitimacy because of the low turnout and thus their unrepresentative character. Elections decide who
forms the government, they can express dissatisfaction with outgoing governments, but they provide no lasting legitimacy for an incoming government’s policies. Hence the parties constantly seek to determine public opinion through polling and focus groups. Governments begin to electioneer from day one after their victory. Government and electoral politics are increasingly merged. Policies are often adopted for short-term reasons of managing the media and appeasing public opinion. Far from demonstrating government by consent, this amounts to using office for manipulation. This process of permanent electioneering begins to feed back negatively on public opinion, it reinforces alienation and the perception that politicians are unprincipled manipulators dedicated to spin at the expense of substance.

Second, states are widely perceived to have lost governance capacity both because of globalization and because of the shift from public to market provision of services. Thus it is part of conventional wisdom that the scope of political action has shrunk considerably and with it the relevance of decisions at national level. Thus a decline in public involvement in national politics would appear to be a rational response. Political activists do exist but they are concerned with single-issue campaigns, with local politics, and with transnational movements. If states matter less, then the last place to invest political energy is in conventional national level politics, unless you are a professional political careerist. Thus the anti-globalization protestors, the principal activists for an alternative democratic politics today, see the solution in supranational protest movements working to create a “global civil society” and in governance through the emerging institutions of a new global democracy.

In my view this perception of the decline of national politics in the face of globalization is wrong. Grahame Thompson and I have argued in *Globalization in Question* both against the proposition that states have become weaker as a result of the globalization of the economy and against the idea that a cosmopolitan democracy at the global level is possible. It cannot be doubted that both politicians and the media are convinced by the globalization narrative and thus attempt to convince the public that the state can do far less than it once did. Public power becomes at best a means of facilitating the operation of global and national markets. Globalization becomes an excuse for presenting certain policies as inevitable. It is also a means of deflating citizen’s expectations as to what policies can accomplish. This is a valuable tool for politicians in the context of rising citizen expectations in the advanced countries and public service states that have become more expensive and difficult to manage.

If that is the case in the developed world it is even more so for democratic regimes in the developing world. Cynics argue that one reason democracy has spread so widely outside the developed world is because it now matters less. The scope of popular decision has been severely restricted and thus the threat of giving some power to the people diminished. The Cold War is over, ideological politics are in retreat, and markets have set the terms of political choice. Democracy may now confer little legitimacy on governments, but authoritarian regimes have even less. Elites cynically reckon that if democratic politicians fail then it is the people who have chosen them. For established elites in developing countries democracy, if it can be established at all, seems attractive for the very reasons that lead to the perception that it has failed and can accomplish little.
Third, the social foundations of democratic participation and political pluralism in a strong culture of voluntary associations are threatened by a widely perceived decline in non-political participation. Thus not only do people not vote, they don’t join either. Political parties and non-political associations suffer alike. Charities, for example, have been forced to replace reliance on voluntary giving and volunteer workers with marketing professionals and paid collectors to extract contributions from a disengaged public. As the chair of a voluntary association I can testify that it has got tougher over the last ten years to recruit and retain activists.

There are many imputed reasons for this decline in voluntary action, and you are all familiar with the arguments of Robert Putnam. It is important to recognize that modern social life does not facilitate traditional collective action, whether explicitly political or in the voluntary sector. Cities and suburbs are often very low density, especially in the USA. People commute long distances to dispersed occupations by isolated car journeys. Occupational structures have changed considerably and diversified, considerably reducing the social salience of large plants with a predominance of manual workers. Such factories and residence close by them provided the foundations for the core of active trade unionism and for much wider political action. People relate to the world more and more through electronic media, spending more time in isolated and private consumption. This trend toward home centredness and individualization is paralleled by the growth of value diversity and lifestyle pluralism. This means that when people do join communities they are communities of choice not fate. Such choices are often for specific function bodies that do not lead to wider forms of association. The dominance of association by choice also means that people have little in common with their immediate neighbors. These tendencies make the web of associations more fragile and association outside of narrow chosen communities more difficult. Association now tends not to feed into wider activity or into politics.

Fourth, the fundamental fact is that the scope of both formal democracy and voluntary association is limited in the advanced countries because they are organizational societies. The classical conception of representative government envisaged a definite social architecture: a limited state and a self-regulating civil society. Civil society was made up of numerous competing associations, individuals and firms. This meant that the tasks of government were relatively limited, most of social life could be left to govern itself, and thus government was relatively easy to render accountable by representative institutions. Our institutions of representative government are predicated on this model, but it has been obsolete since the rise of big corporations and state collectivism in the late nineteenth century. Modern societies are not self – regulating, nor is the modern state limited; both the public and private sectors are dominated by large hierarchically managed organizations. Into the 1960s this did not prevent democratic control. Elected representatives could feed decisions into relatively stable and uniform public bureaucracies and the state and the unions could regulate the actions of big corporations. Changes in the organizational structures and environment since the 1970s have made organizations harder to regulate or to subject to countervailing power. These changes are beyond the scope of this paper, I have discussed the upshot of these changes for democratic control elsewhere in From Statism to Pluralism. The public sphere has shriveled as state agencies have come to be run like commercial businesses and as politicians have substituted the notion of managerial transparency for political accountability. Civil society has been further
hollowed out as large companies have come to dominate not only classic “economic”
activities but also former public services and leisure activities.

State agencies and private companies are both weakly accountable to society as a
whole and also do not give voice to their stakeholders. Citizens are thus
disempowered as both employees and consumers. Citizens have little choice over the
provision of public services, least of all over how they are delivered. Most employees
have little choice but to work for organizations in which they are not consulted. Thus
the organizational society does not foster democratic values of consultation of the
interests affected by a decision or participation in public debate on policy; rather it
encourages hierarchical control and its obverse, passivity on the part of the controlled.
It is hard to see how a democracy can prosper in which people’s everyday social
experience is that they are expected to take what they are given as consumers of
public services and to do as they are told as employees.

The shift toward the privatization of public services and of companies toward the
primacy of shareholder value has reinforced the tendency of the organizational society
toward hierarchy. Only top management matters and it is subject to little check by
countervailing powers, rather it is constrained only by the stock market. New
pressures have reinforced top-down control, organizations public and private are
subject to ceaseless change from management initiatives and as a result of market
pressures. Such changes are most marked in the UK and the USA, but they are
beginning to happen elsewhere too. The upshot is that for most people work does not
provide a source of identification or stability in their lives. Work no longer provides a
basis for association. Citizens come to experience the organizations in which they
work and which affect their lives as sources of restless change and unpredictability.
They adapt by passivity and conformity, seeking control through the private sphere.
Thus organizations have an effect that weakens the possibility of an active democratic
citizensry.

If these four tendencies are real and irreversible, then democratic government is
headed for crisis. Institutions that have no “spirit”, that exist because there is nothing
else, become corrupt and eventually fail. Montesquieu taught us that. Modern
democracies have minimized the role of value commitments and of active citizenship
necessary to their functioning. They have required neither the “virtue” of classical
republics, nor the “honour” of aristocracies. Still, they do require a bare minimum of
mass participation in the formal political process and of joining the interest
associations that underpin it. Modern democracy may not require a thick script of
political “manners” in the way that many previous political systems have, but it does
require something more than a cynical political class propelled into power by the
votes of a minority of a politically comatose citizenry.

Political theorists from Tocqueville to Dahl have stressed the central role of secondary
associations in providing the institutional foundations of political pluralism and thus
of viable multi-party political contestation. Robert Putnam has questioned how
healthy American democracy can remain if its roots in voluntary association outside
formal politics atrophy. The danger is the development of a demotic but post-political
society. That is, a society that is culturally if not economically egalitarian, and that
lacks cultural elites and genuine political leadership. In such a system elites are
political and business managers who owe their power to their office, but lack any
broader legitimacy based on ideas or a personal following. In such a system low levels of political participation mean that, on the one hand, the political agenda is prey to the actions of determined and untypical minorities, as the success of the religious right in local and state politics in the USA shows, and, on the other hand, to periodic outbursts of majority opinion orchestrated by the media. In such a demotic system with a depoliticised mass culture and a dissociated public the dangers both of narrow minority rule and the tyranny of the majority or magnified. This is reinforced by the disappearance of political doctrine that provides a public language for politics (this is different from “ideology”) and thus a medium in which political leadership can be expressed.

Tocqueville and J.S. Mill feared just such an outcome from social leveling and mass democracy. So far they have been proved wrong. The reasons are the antidotes Tocqueville saw in the United States, political decentralization and a strong culture of associations. Yet both of those antidotes seem threatened by the centralization of power in organizations and the decline in voluntary activism.

It may seem quixotic in this context to propose enhancing the role of associations in governance as a strategy for democratic renewal. Associative democracy appears to rely on the very resources of participation and voluntarism that the available evidence suggests are declining in many countries across the developed world. As we shall see, associationalist solutions do not inherently require high levels of activism and they are able to cope with large organizations. Associative democracy is the one doctrine that explicitly focuses on the role of organizations and proposes a way to make representative government work by reducing the burden on its institutions. I shall argue that there are urgent reform issues to which associative solutions are the most viable options and that there are forms of political agency that can work toward implementing those solutions. Such solutions would provide new forms of association and governance, localizing democracy in simple decisions that people make in everyday life.

The point to make here is that associative democracy does not have strong competitors in the field of institution building. The other alternative doctrines that attempt to address the crisis of democracy shy away from the task of rebuilding institutions and of promoting the inclusion of the mass of the people. Deliberative democracy appears to offer a solution to low levels of formal participation, yet for that very reason it is weakly inclusive. In practice it accepts the fact of non-participation and creates substitute forums in which the voices of some of the people come to stand for the whole. It is no answer to the problem of inclusion and it largely ignores the problem of political alienation. Peoples’ voices do not matter in everyday life; they are managed and excluded. The only way to change this is to give them simple forms of power that the can use without undue effort as a matter of everyday practice, not to convert a sub-set of the people into a deliberative elite to advise managers on how to make policies for the rest. Equally problematic are fashionable “Third Way” doctrines that aim to substitute network governance and “soft power” for rigid institutions and the “hard power” of states. This idea may appear to consult and to link people, but it only enhances democracy if networks can be made open and inclusive. This requires institutionalization and the existence of rules that outsiders can understand, weakening the flexible nature of “soft power”. Otherwise networks
become new forms of exclusive power of benefit to insiders, opaque to outsiders, and over which those affected by the actions of network members have no redress.

**Social Turbulence and Collective Action**

Societies cannot function without a core of relatively stable institutions that anchor citizen’s lives in a set of expectations with a reasonable prospect of fulfillment. Democracy requires a least a minimum level of social capital – norms and forms of association – that ground our expectations of fair treatment and lead us to trust both the authorities and other citizens. That requires a minimum level of security, meaning that careers, welfare provision and family life work out often enough for our social world to make sense. On that basis then people can make extended commitments to others and to the future, thus accepting change. Ceaseless change without mechanisms to compensate for risk, that leads to expectations being undermined and violated, and where there are no opportunities for voice to challenge outcomes undermines both social solidarity and democracy. Yet is such ceaseless and capricious change that is produced by the managerial “permanent revolution” in both state and corporations that has become characteristic of the UK and USA. The result is agency for an elite of top managers and chaotic change for the rest. Powerless people threatened by change and without resources to adapt to it tend either to retreat into passivity or snatch at the simplistic solutions of demagogues. Both responses damage democracy.

An example of such chaotic change is the current pensions crisis in the UK. This is a primary example of violated expectations brought about by the ill-considered decisions of unaccountable bodies. Pensions are intended to minimize the risk of poverty in old age, yet they have become a source of risk in themselves. Citizens and consumers find their expectations violated without redress. The reasons for the UK’s crisis are predominantly policy induced. The UK does not face anything like the coming crisis of the ratio of beneficiaries to active workers that will face Italy, nor have the UK’s basic state pensions ever been generous. However, public policy, private corporate decisions and market pressures have interacted to bring the system close to collapse now rather than in 20 years time as in Italy. The crisis began in the 1980s when the state chose to break the implied contract with citizens, who had made contributions, often for decades, in the expectation of a low but adequate pension. It switched the linking of basic pensions from average earnings to the retail price index, then it sought to phase out the public supplementary scheme, SERPS and gave inducements to leave the latter for private schemes. Private and occupational pensions were regarded as the superior alternative to state provision. Now the private system is under threat on several counts: the miss-selling of pensions to those who were encouraged to join the private sector (often from superior public occupational schemes); the near collapse of some mutual schemes through inadequate actuarial provision; the recent abandonment of final salary schemes by many major companies; and, finally, the abandonment by some companies of final salary schemes for existing contributing members. The combined failure of state and companies leaves citizens without options. In the organizational society neither the electorate nor the consumer is sovereign, both are subject to the vagaries of managerial elites and the unintended interaction of ill-considered policies with market failures. Nobody voted to wreck public pensions, but politicians did so all the same. Nobody bought a private pension to generate the risk of poverty in old age, but that is what tens of thousands of unlucky
consumers have done. The result is to create uncertainty and insecurity for millions in an area of provision designed to prevent just such outcomes.

This is just one example of institutional and policy failure in the UK that could be paralleled by many other instances. The UK is an extreme example of tendencies at work throughout the developed world. One should also recognize that threats to the foundations of ordered social life are hardly a modern phenomenon. Consider, for example, early industrialization in England. This uprooted masses of rural workers and placed them in ramshackle towns that had precious little social organization or infrastructure. Workers were expected to bear the costs of every risk to themselves or their families unaided: unemployment, ill health, bereavement and old age. In response workers built their own “civil society” and welfare state. They created through the Cooperative Movement, the Friendly Societies, trades unions and local churches the means to stabilize their existence and the provide mutual assistance. In a similar way in the mid-nineteenth century Danish rural society was faced with ruin because of competition from cheap American grain. Peasant agriculture was rebuilt around cooperative economic institutions and new cultural institutions, such as the Folk High Schools movement.

This shows that one should not draw pessimistic conclusions from the concept of social capital or the fact of social disorganization. Social capital can be built up from conditions that seem unpromising, where the existing stock of networks and trust relationships is low. The problem is that the reverse is also true, that apparently robust cultures of voluntary institutions and reserves of social capital can be destroyed. Thus Naples had one of the richest traditional associational cultures in early-modern Europe until it was undermined by the incoming Bourbons as part of a deliberate policy of “divide and rule”. Something similar happened to the English working class civil society described above. First, it was “nationalized” in the reforms of the 1945 Labour government, replacing mutual funds and union health schemes with centralized state provision that civil servants controlled and workers did not own. Second, many of the social and institutional props of this working class world were destroyed by the Conservative governments of 1979-97. Union powers were deliberately curbed. De-industrialization was the consequence of ill-thought-out macro-economic policies.

For another example of the destruction of associations consider the Building Societies in the UK, mutual institutions that were the main providers of finance for house purchase and a popular savings vehicle. Such institutions have suffered severely in the wave of de-mutualization and the destruction of associative institutions that began in the late 1980s. Mutual institutions lost their way. They lacked articulate intellectual defenders against the post 1970s craze for free markets and shareholder value. They failed to redefine their doctrines for modern conditions or modernize their institutions. Thus, in the absence of a clear alternative strategy, they became controlled by conventional managers who were allowed to behave like any other private sector executive and who had a huge personal financial interest in de-mutualization. In that case mutuality became just another form of “ownership”, weak when confronted with the control of strong managers and, indeed, weaker, because there was no stock market to discipline those managers. Building societies and mutual insurance companies were converted into conventional plcs by an unholy alliance of managers eager to earn big salaries and “ carpet bagging” small investors eager to free
ride and asset strip the reserves built up by decades of prudent mutuality. Once destroyed such institutions are hard to recreate. Hence the need to preserve them by law and public policy. Mutual institutions have considerable inherent economic advantages over conventional plc's, but these need explicit defense not only as good value to savers and borrowers but also in political terms. This defense associationalism can provide.

In both England and Denmark in the nineteenth century social conditions were favourable to the building of new institutions. The physical character of medium-sized English manufacturing towns favoured collective action. Workers were concentrated in mines and factories and in housing close to the plants. In the Danish case peasant society was reconstructed as part of a national renaissance in response to the events of 1848 and 1864, and it enjoyed elite support and leadership in promoting cooperation through the cultural renewal movement of N.F.S. Grundtvig. Association has never been "spontaneous". It is as much a part of institution building as the creation of states and companies. It requires agency and leadership; this need not be directed by the state, but it does require public policies that favour it and do not impede it. Thus the existence of pressures against existing forms of association, current declining memberships and levels of participation are not an intrinsic reason why associations cannot be re-built. However, such re-building needs new substitutes for the forms of collective action that worked in the nineteenth century and which social conditions militate against today. It also needs new forms of membership and not just the old activist participation.

Indeed, many voices see new forms of association as the way to renew democratic politics. Many international reformers see action across frontiers by a new transnational public drawn from different nation states as the only way to create the political pressure necessary to address world problems like climate change or global inequality. A "global civil society" is being formed in response to the failure of national politics and in response to the narrow focus on formal international institutions like the IMF or the World Bank. In a similar vein social theorists like Manuel Castells have emphasized the growing salience of network power and the declining role of formal institutions. Such networks are built up by interaction and can be regarded as a form of association. Networks within and between nations, public and private, legitimate and criminal are the emerging forms of governance. Whilst it is helpful to see other arguments for the continued relevance of association, I am not going to rely on such claims here because I think they are deeply flawed. There are good reasons to be skeptical about the claims of the advocates of a new network politics and of theorists like Castells.

The main problem with network governance, as I have claimed above, is that networks tend to be exclusive, and thus of differential benefit to insiders, and also evanescent, because they are weakly institutionalized they are difficult to sustain. States remain far more central than either the advocates of global democratic associations or of network governance believe. The kind of associations that are necessary to renew national level democracies are institutions and primarily nationally focussed ones concerned with the provision of services. Such institutions are voluntary but they have rules, they persist through time, and they are inclusive in the sense that anyone who subscribes to their objectives can join them. Relatively stable institutions are needed to address the problems of uncertainty and risk. Networks are
either, too fluid to do this alone, or, they are themselves institutionalized to a considerable degree, using forms of monitoring to ensure the commitments of their members. Networks that can ensure compliance and thus routinize contributions form members are more robust than those which need constantly to renew cooperation and which rely on voluntary compliance. Thus the Danish cooperative dairies would have failed had they not developed means to monitor milk quality and thus prevent free riding on other’s efforts.

Networks made up by links between associations, with robust mechanisms for ensuring compliance, are a valuable supplementary means of extending the scale and scope of associational governance. It is also the case that new communications media, like the Internet, simplify coordination, making it easier and less costly. Thus they help to overcome problems of collective action created by social dispersal, but only if there are real associative foci around which such virtual networks can constellate. Virtual networks cannot replace real associations, not least because they create new problems of monitoring and compliance. They can, however, help the formation of associations by finding new members at low cost.

The Issues that Serve as Foci of Associational Renewal

To return to the reform issues to which associative governance is a possible solution. There are three main ones: in welfare, community self-governance, and corporate governance. My examples will be derived from the UK.

First, welfare states in the developed world are under increasing pressure from three main sources: tax aversion, an aging population and conflicts over the content of services. In each of these areas a shift to provision through associations would have distinct benefits. In the UK for example tax aversion has become a major constraint on the possibility of enhancing welfare services. The UK spends a lower percentage of its GDP on education, health and social protection than most comparable European countries, but these are of relatively poor quality and not subject to consumer control. Funding and standard setting are highly centralized. Services that people identify with are those they are more likely to be willing to pay for. To enjoy the advantages of collective consumption citizens must feel the goods are worthwhile. In Denmark by and large that is the case, although taxes are among the highest in the EU. In the UK education and health are perceived as poor services by upper income earners who typically seek private provision, and in consequence they regard taxes a reduction of their welfare and are reluctant to pay more. Equally, for most citizens collective provision is necessary, they cannot provide for all services and contingencies on the open market. Moreover, international competition means a tendency to shift taxes from capital to labour and consumers, thus increasing the constraint of tax aversion.

The solution is to reform the UK welfare state so that consumers have both more direct control over the services they are offered, so that they can craft them to their own needs, and also argument basic state funding with their own additional contributions. This means a switch to the insurance principle in health funding with a small number of competing mutual insurers. Citizens would receive a tax credit for their basic contributions and the poor would receive income transfers to fund their subscriptions. Citizens would have the option of switching between funds at regular
intervals. Something similar could be constructed for pensions, merging the state and private systems into a system of mutual funds each large enough to ensure economies of scale, but sufficiently diverse to ensure competition. The UK may be an extreme example of centralization and state control, but it shows why the mutual and associative elements of other systems need to be preserved and enhanced.

An aging population poses severe threats to conventional welfare based on conventional paid labour. Yet the aged are an untapped resource and in a system that gave a central role to the third sector the divisions between service providers and recipients, paid and unpaid labour, could be broken down. This will only happen if voluntary contributions become valued and incentives are provided for people over 50 who are not in employment to do voluntary work. Voluntary work in associations providing public services might thus attract tax credits or additional contributions to future benefits. Volunteering should not be seen as something spontaneous, independent of public policy. However, once supported third sector activity will tend to expand and encourage wider commitment to associations.

It is also the case that while public policy should not discourage strongly participatory and local associations that a shift to associational provision should make provision for large ones and also for limited commitments of members. In Associative Democracy I have argued that the possibility of exit, making it possible to switch periodically and without excessive complexity or financial penalty between providers, is a central democratic device. It both promotes individual choice and acts as a constraint on unsatisfactory performance. If there is an entrenched oligarchy, or if people chose not to commit the time to voice, then the loss of members exercising the exit option will act as a sanction on the management of an association and a spur to committed members to exercise voice in the context of the threat of declining membership. Exit is a constraint on large organizations, where voice (seeking to change the elected board) may be difficult and costly. Converting organizations into mutual associations with the option of exit is thus a key way of challenging the organizational society.

Lastly in the welfare agenda there is a central issue of the way services are provided and not just the quantity of those services. Value positions are increasingly diverse, people have very different ideas of what education and health should be like and they should be accommodated as far as possible in public provision. Some people may prefer highly participative and alternative services, and they should be able to use their basic public entitlements to do so. Competition in the content and the manner of provision of services is essential to the health of institutions. A monoculture of state sanctioned “best practice”, as one finds in health and education in the UK, can only lead to stagnation and act as a brake on innovation. One of the things people do want to choose in the way services are delivered is locality. Large organizations inevitably seek to rationalize and centralize provision, it is more “efficient”. Yet many people especially in rural areas find the withdrawal of local schools and hospitals highly unsatisfactory - a 15 km drive to a secondary school or 30 km drive to a general hospital are not unusual. Associative provision gives localities the option of choosing less elaborate but easy to reach services under their own control. Already in the UK there are forms of campaigning to preserve local services such as the election of an independent MP committed to save Kidderminster’s hospital or the various campaigns of the powerful and influential Countryside Alliance.
Second, there is the necessity of accommodating plural communities with differing values and standards, including ethic, religious, and lifestyle groups. People have very different ideas of how life should be regulated, how risks should be contained, and the type public goods they deem necessary. The obvious solution is to embrace such pluralism fully and to accept parallel governance by community associations, different communities applying different standards side by side. This idea terrifies traditional social democrats and republicans, who believe in universal provision and a common political culture. Yet we are closer to a common political culture than we have been for a century, all significant political forces accept representative democracy and the primacy of the market. Rightist and Volksch parties want to exclude refugees and migrants, but they cannot impose cultural homogeneity and they know it.

There are two ways of accommodating self-regulating communities, geographical exception and parallel rules. In the former different rules apply or the principal rules are not enforced in certain special zones, for example, Manchester’s gay village or the localized tolerance of prostitution and cannabis smoking in the Netherlands. In the latter communities apply their own customary laws to their consenting members, to some extent this already applies, for example, in the case of Jewish family law. Such practices can be extended to remove most conflicts over social standards, with the proviso that citizens must be free not to consent and to exit communities, and that such rights be upheld by the state. The state remains the arbiter of which rules have primacy and it is still a representative democracy in which the majority has the option of insisting that certain rules apply to all.

There is significant support for such community governance from many minority communities, including strongly the various Muslim communities. This frightens those who fear Islamic extremism, yet most Muslims wish quietly to govern themselves alone, are not fanatics and not wish to impose their will on others. Empowering minority communities is more likely to promote their adaptation to a pluralistic host society than more or less open policies of assimilation. Facilitating community services through public funds available to associations proportional to membership, for schools, welfare centres and so on, is one way to allow local control and prevent alienation. This does not just apply to ethnic and religious minorities. Many interests are ill served by the existing system. Gays often find existing medical treatment condescending, and many parents of dyslexic children in London would like public funds to establish a secondary school, to pick two examples at random. One does not have to be an Amish to want to live a different life according to one’s own rules and to have public services that meet ones’s specific needs. A society of strong communities is more likely to sustain democracy, albeit a conflictual and contestational one, than a society of isolated and passive individuals.

Third, there is the necessity of renewing the governance of organizations. We live in an organizational society, yet the forms of control over large organizations both public and private have atrophied. This is most evident in the case of companies. Shareholders in Anglo-Saxon systems seldom exercise the political rights they do have, they exit if they are not satisfied and the secondary market in shares lets them do so easily. They also rely on the market to sanction company management. The notion of the republic of shareholders under the 1862 Companies Act in the UK, which made corporate status readily available for the first time, was intended as the
primary means of protecting investor rights, but it has long been a fiction. Other
stakeholders have no political rights and often no easy exit option through the market.
Modern companies exhibit a clear divorce of ownership and control, where dispersed
and indifferent shareholders leave policy to managers. It would hardly be possible to
claim that corporate governance performs its political functions well, almost no aspect
of the current system is satisfactory from passive shareholders, to weak non-executive
directors, to compliant auditors. Yet corporations organized the major part of formal
social life.

It is thus essential to consider the role of alternatives to corporate structures.
Corporate careers do not breed democratic habits, but compliant and conformist
personalities. Low institutional accountability within companies is coupled with the
absence of an external challenge from alternative institutions. It is difficult to live
outside the structures of hierarchical management or to find the equivalent of the
nineteenth century “frontier”, beyond which one can escape. The presence of such
alternatives is an essential check on the power of hierarchical organizations over
people. They give people the option of exit and to the extent they are readily available
temper the power of managerial hierarchies and the conformist norms they impose.
Unions did this to some extent, but in the private sector in the UK and USA union
density is low, and the current tendency of unions is to promote the further
bureaucratization of work. Checking the power of management was once seen as part
of “industrial democracy”, extending control collectively to workers, now it should be
seen as part of the preservation of democracy in general, promoting the independence
of citizens and giving them the experience of exercising authority themselves.

It is unlikely that any generalized reform of corporate governance is possible in the
foreseeable future. The managerial class has too much influence and people will
identify it with socialism. Promoting alternatives is by no means impossible, however.
Thus promoting a strong small business and artisan sector gives individuals an
alternative to big corporations and it encourages competition. Likewise defending and
extending the mutual sector has the same effect, if mutuals are recognized a distinct
institutions that need to be run on the basis of different goals to conventional
corporations. This can only happen if public policy makes such alternative options
attractive and ring fences them by protective laws. The scope for mutual initiative is
considerable, but it depends on the revival of cooperative and mutual political
movements. There is some sign that this is happening on a local level, but so far it has
been met by indifference from the major political parties.

Conclusion

This paper has attempted to examine the current crisis of modern representative
democracy and how associationalism might contribute to its resolution. Democracy
can be renewed but on two conditions. First, that the burden placed on representative
institutions by complex public service states is reduced but without reducing public
services. Associationalism provides for governance that is public but non-state.
Second that the role of non-state institutions in promoting the habits of association
and participation is promoted. Renewing modern democracy is not easy, nor are
associational solutions easy to implement or without risks, the alternative is the
sclerosis of representative institutions and the erosion of democratic manners. I make
no apology for the central role of advocacy in this paper; I see little point in thinking about politics without it.

17. 03.2002.