

## 6 Productive Solidarities: Economic Strategy and Left Politics

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We take the crisis of the democratic Left to be obvious enough not to require further description. We also take the traditional goals and self-restraints of that Left – in particular, democracy itself – to be unchanged. Given changed circumstances, we ask only: what new strategy should the Left pursue to advance its traditional goals?

As in any discussion of strategy, this single question is actually two: what should be the intermediate object of transformative energies, and what is the agent of that transformation? In any regime, the best strategies unite the answers in a single practice, progress in which creates the conditions of further advance. Operating under capitalism, successful Left strategies have done this in part by forcing improvements in the material welfare and democratic organization of subordinate classes that also improved the productive capacities of capitalism itself.

Such was the case during the heyday of social democratic progress. The Left appeared, more or less straightforwardly, as a redistributive agent of the working class. Notwithstanding its own rhetoric and self-understanding, however, its success in this project owed a heavy debt to the fact that it was also an important contributor to capitalist innovation and general benefit. Through the alchemy of Keynesian economics, the particular interest of workers in redistribution toward themselves was transformed into a general social interest. Higher wages and wage floors boosted aggregate demand, which increased investment, which increased productivity, which lowered the costs of mass consumption goods for everyone. Organizationally, and bearing on the agency question, workers were united by unions and political parties that sought and were rewarded for the competent administration of this virtuous cycle. Their

existence, in turn, materially extended democratic practice in formal institutions of governance.

Today, however, this particular project stands in ruins. Macro-economic demand stimulus is highly qualified as a guarantor of welfare, the 'working class' is a much less integral social fact, worker organizations are in disrepair. The Left no longer has a clear job, the performance of which commands wide social respect, and (or, and so) it lacks a credible agent to get what it wants done. The Left therefore needs to find a new object of its energies – something that satisfies a broad popular interest and is equalizing, the pursuit of which can at the same time enhance a capitalist society's economic performance in ways that underwrite general benefit. Put otherwise, it needs a post-Keynesian equivalent of effective demand. This time, however, the alchemy will have to come on the supply side, in production rather than consumption.<sup>1</sup> The Left also needs to be more attentive to articulating the subject of its project. Consistent with its productive role and without sacrificing its traditional attention to matters of class, it needs to develop organizational forms capable of accommodating and consolidating the heterogeneous interests of the population that project would serve. Just as the working class was partly 'made' through the politics of redistribution, and just as redistribution had its own mechanisms for regulating intra-class transfers, a new solidarity – a new basis for social agency – will need to be created and regulated explicitly through an egalitarian politics of production.

The way to accomplish both things, we argue, is by taking seriously traditional Left commitments both to social control of the economy and to the ideal of democracy of which such control is one instance. The former offers an opportunity for the Left to contribute meaningfully to welfare, the latter an ideological framework for practically uniting otherwise diverse popular interests. We take this recommended strategy to be both discontinuous with recent Left practice and perfectly continuous with the Left's historic self-conception and effective role. It would, on the one hand, require the Left to take leave from traditional perceptions of the economy and the role of Left politics in it, by involving itself in the organization of production and abandoning the pretence, sustained by an exclusively distributionist focus, of 'autonomy' from capital. At the same time, the overall social benefit of doing so is large, as advanced western economies stand to benefit greatly from deep political intervention in their supply side. A new Left productivism would also be perfectly congruent with traditional Left claims to advance the general welfare through advance of egalitarian democratic values – liberty, equality, citizenship, solidarity. Without an active and committed Left, indeed,

it is unlikely that western capitalist societies will be able successfully to compete with Asian capitalism without sacrificing such defining values.

Our argument has three parts. The first part ('The good old days and lessons learned') briefly reviews the institutional premises and recent problems of Keynesian social democracy, while drawing some general lessons on the conditions of Left stability and advance. The second part ('Why the Left must again save capitalism from itself') makes the general case for popular, regulative institutions on the supply side, and indicates why the Left is uniquely suited to construct them. The third part ('The new politics of solidarity') focuses on the organizational and ideological reform the project requires of the Left itself.

### The good old days and lessons learned

The democratic Left makes progress under capitalism when it improves the material well-being of workers, solves a problem for capitalists that capitalists cannot solve for themselves, and in doing both wins sufficient political cachet to contest capitalist monopoly on articulating the 'general interest'. The Left Keynesian project that did just these rested on three organizational premises.

The first was a nation-state capable of directive control of the environment of economic production within its territory. Most importantly within the Keynesian synthesis, this meant a national economy sufficiently insulated from foreign competitors for the benefits of demand stimulus to be reliably captured within its borders, and a monetary policy apparatus sufficiently insulated from world-wide financial flows to permit unilateral correctives to recession. The second was the organization of capital into large, lead, stable firms dominating industry clusters. Large lead firms provided ready targets for worker organization, and levers in extending the benefits of organization throughout the economy they dominated. Firm stability – itself underwritten by the stabilization of demand that was the goal of the Keynesian system – meant stability for the career paths of workers within them. This also facilitated organization, and underwrote the evolution of the 'industrial' model of union organization centred on administration of the internal labour market. The third was the existence of a more or less determinate working class. Aided by pre-existing 'organic' solidarities and all manner of social restrictions, the distinctiveness and integrity of this class was assured by the levelling organizations of mass production. These both destroyed traditional craft divisions within the working class and, on the assembly line, forcefully clarified the distinctive interests of labour and capital.

Present Left difficulties are owing chiefly to the fact that each of these organizational pillars of the old system is now subject to sharp, and for all practical purposes irreversible, forces of erosion. While product and capital market integration is less than complete,<sup>2</sup> economic internationalization has proceeded far enough for Keynesianism to be limited as a state strategy, and simple wage improvement to be impossible as a union strategy. For the state, the permeability of national boundaries removes assurance that the benefits of demand stimulation will be captured nationally, and compromises efforts at unilateral monetary correction. For unions, even national wage norms no longer succeed in effectively 'taking wages out of competition'.

World-wide, we have seen a reorganization of production that complicates the tasks of worker organization. The dominant 'Fordist' production model associated with the post-war years – high-volume, assembly-line production of standardized goods, and steadily rising productivity with benefits captured in higher wages and lower-priced mass consumer goods – has widely collapsed. Many firms are instead now 'sweating' labour in old-style production, albeit increasingly tailored to niche commodity markets. Others are pursuing one or another variety of 'lean' production. Such strategies characteristically feature more advanced attention to logistics and quality, and more intensive utilization of front-line workers, usually organized in teams. But they are associated with just as fierce downward pressures on wages, and just as much hostility to collective worker representation. World-wide, both 'sweating' and 'lean' firms are increasing their market share at the expense of older, generally larger, unionized rivals. They have become the icons of a new age of 'flexible' production, with most of the costs of flexible adjustment to unstable demand visited on workers.

If the threat such productive reorganization poses to worker welfare is too obvious to be laboured, worth noting are the difficulties attending worker organization on adoption of a more worker-friendly, high-wage response. In theory, and in at least limited practice, it is quite possible for high-wage, unionized firms to survive amid fierce price competition by emphasizing non-price attributes of their products – quality, variety, design, speed in delivery, service, and so on. To capture such quality premia, however, firms need to organize themselves for more or less continuous innovation. Organizationally, this means breaking with traditional divisions of labour among different departments of the firm, deploying workers more flexibly, and investing heavily in workforce training to permit frontline workers to assume more autonomy. As work becomes more differentiated and skilled, however, differences in contribution become more visible. With this comes increased difficulty in

holding 'the unit' together and defending the common floor for all, including the less talented or motivated whose 'deficits' are now more observable than ever. Also, as workers become truly involved in substantive decisions in the production process, their distinction from management gets blurred, qualifying their willingness to use power against it. As these complexities are socially negotiated within particular firms, loyalty to a distant and uncomprehending centralized union is attenuated, limiting the ability of that union to enforce and renew the general terms under which things had come to be done 'right' in the first place. And as that ability declines, the temptations to defect from central deals rise, leading to further devolution of governance and attendant further fragmentation.

Even more deeply, the structure of the firm itself is changing. In volatile competitive markets, firms seek to internalize scarcity, externalize risk, and keep their options open. Since they do not know what tomorrow's market will look like, they hedge their commitments in today's. Firms reduce risk while preserving capacity by building contingent capacities – short-term alliances and deals with others that can be folded after a particular job is done. As more and more of their operation takes this form, the boundaries of the firm tend to dissolve. Trying to live up to the fantasies of law-school professors, the firm begins to turn itself into a 'nexus of contracts' – between and among a more or less 'virtual' management and workers, suppliers, production allies, distributors – with very little productive core. Of course, not all firms can do this, as somebody must build and maintain the capacity that is contracted in, and in this sense the strategy is self-limiting if not self-destructive. Nevertheless, it creates very large problems for unions, if only because usually the first thing that becomes contingent in flexible firms is employment, or marginal employment, and because replacement of the employer with a virtual employer, or a 'network', does not precisely facilitate organization of workers. Outside of construction, the organizational life and clout have traditionally been based in firms with more or less stable and continuous production capacity, management and boundaries. Now that base is dissolving.

The effect of all these changes, finally, is to exacerbate *workforce heterogeneity*, and with it, the difficulties of articulating a political project based on the advance of the interests of a determinate, much less unified 'working class'. These difficulties are further compounded by the effects of past success in improving and equalizing living standards, which have had the effect of breaking down the most obvious traditional forms of working-class segregation. And they rise to an almost impassable level of difficulty with the animation of social interests in matters other than

class advancement – for example, the environment, gender, racial and 'cultural' justice. Finally, the fact that the state is a less effective guarantor of the general welfare means that the political project of uniting across differences to achieve state power is itself less compelling. With public authority less able to assure well-being, and with firms more prepared to reward those with specialized human capital and less prepared to reward those without, those with and without have less material basis for unity against employers or in public arenas. Without the promise of material gains from unity, however, solidarity becomes more nostalgia.

In brief, the governing institutions and practices that the Left long ago succeeded in imposing on capital – thereby both civilizing capitalism and saving it from its underconsumptionist competitive self – are in advanced decay. The effects of their decline are registered in rising unemployment, growing income inequality, rapid expansion of a junk work sector employing low-skilled labour at marginal wages, intensification of work, rising and growing pressures on social welfare benefits, a profound coarsening of social life in our cities, and more. Even as untold technological marvels and fantastic wealth have increased the welfare and amusement of the few, the decline of egalitarian Keynesianism has made life nastier and more brutish for the vast bulk of the population. All this, we believe, is familiar enough. The question is what to do about it.

### Why the Left must again save capitalism from itself

How, under the changed circumstances, can the democratic Left be revived? Can it still hope to satisfy the general organizational maxima of Left advance – provide something of value to individual workers, solve general economic problems that capitalists alone cannot solve, and assume, largely by doing so, a clearly contributory role in the broader society? Is there something in the new capitalism that may 'require' a new, or renewed, Left to save it from what used to be called its own contradictions, just as the old capitalism 'required' the old Left? What is that, and how might a renewed Left position itself to seize that role?

Before answering these questions directly, we emphasize that the renewed Left we have in mind is about *power*, not just moral impulses, and that differences in power owe ultimately to differences in actual contribution to the production of material life. All politics is materially conditioned. However morally superior its project, the Left needs strongholds in the economy to guarantee that the democratic interests it speaks for get the resources they need.

More precisely, the democratic Left will be powerful under capitalism

only if it has the capacity and competence to make capitalism an offer it cannot refuse – the offer of an indispensable and unique contribution to the viability of capitalism as a mode of production. If no such offer can be made, either because capitalism has become self-sufficient and can prosper on markets, hierarchies and property rights alone, or because the Left prefers to concern itself only with immaterial goodness or material redistribution,<sup>3</sup> the ambit of realized Left demands will always be set by the ‘needs’ of ‘the economy’ – as unilaterally defined by those who run it. This is not power, but subordination.

Returning to our questions, then, and beginning to offer answers, the current opportunity we see for the Left is this. The just-described disorganization of capitalism in the name of ‘flexibility’ generates need for organizing the institutional base on which flexibility can rest. The more decentralization of decisions and specialization of functions, the greater the need for coordination and cooperation; the less formal the structure, the greater the need for trust; the more market and contract, the more need for social integration and social cohesion. The new production systems that western capitalism needs to remain economically viable can fully mature only with a social infrastructure of collective goods – from ‘trust’ to ‘goodwill’ within the context of shared norms of contribution and reward, from general worker skills to facilities for joint research and development, from an organizational ecology of other flexible firms with comparable productive capacities to regional development plans and centres for technology transfer. Without this social and institutional infrastructure, it is impossible simultaneously to maintain productive flexibility *and* realize gains to cooperation within and across productive units. Either ‘flexibility’ simply describes the unilateral imposition of risk, or ‘cooperation’ becomes limited to firm-specific, and thus inevitably unstable, initiatives.

As in any collective goods problem, rational economic actors, acting individually, have little or no incentive to contribute to the cost of maintaining this social infrastructure. Neo-liberal regimes of governance – based on respect for the fundamental value of ‘liberty’, enamoured of its exercise in competitive markets, and limited in their appreciation of authority to the hierarchical commands of property owners to their subordinates – are thus singularly ill equipped even to notice, much less to solve, this problem. Neo-authoritarian regimes may do better on contribution, but definitionally through direct threat to defining norms of liberal, republican civic culture. Whatever the decline of popular democratic organization, we do not think it overly optimistic to assume that such a rollback would meet with widespread individual resistance. The

administrative feasibility of such schemes, moreover, is undermined by the very ‘disorganization’ of capital that presently confounds the Left.

A familiar hybrid of these positions, offered by the managerial Right, combines commitment to free markets and to traditional values of obedience and internalized acceptance of authority in vertical social relations. The success of such ‘corporate culture’ as a vehicle for the social reintegration of a fragmented production process and society, however, will depend on whether the Right will be able to deliver the goods of social peace in spite of growing insecurity and inequality. This we consider unlikely, at least to the point of fully crowding out the obvious Left alternative – the popular construction of cooperation through citizenship and authentic participation, in politics and at the workplace. At a minimum, in any case, the managerial Right’s project can be complicated by the Left’s ability to mobilize the republican values it threatens – again, best done in the process of articulating an explicit alternative that is more attentive to them.

In a nutshell, our argument is that the present organization of capitalism relies heavily on realizing gains from cooperation, that such cooperation is facilitated by social cohesion and social integration as well as less intangible public goods, and that no prominent non-Left forces are well positioned to provide the infrastructure of institutional capacities and behavioural constraints on which such cohesion, integration and other goods rely. Providing such, in a way consistent with its democratic commitments, is what we see as the new job for the Left. Now, some details.

### *Effective supply*

In the Keynesian age the Left helped itself and the broader society by helping capitalists solve the puzzling cooperation problem of effective demand – a problem because in a competitive economy each individual employer has incentives to cut costs. Today, with competitiveness a more immediate concern than underconsumption, the pressing cooperation problem is on the supply side – in the provision of the collective goods on which optimal productive flexibility depends.

By *effective supply* we mean political interventions directed to providing those goods, and perforce overcoming the market and hierarchy failures now barring their adequate provision. More particularly, the term denotes provision of the range of inputs (institutional supports as well as attendant behaviours) needed to drive capital beyond mere price-competitive responses to present competition, and towards ‘quality’

strategies that can sustain high and passably equal wages, and some significant democratization of power within the firm itself.

Again, individual firms cannot be expected to produce these goods on their own. They prefer free riding on collective goods to contributing to their provision. Their managers prefer to make profits in ways that put fewer constraints on their autonomy. In many cases, whatever their individual effort or motive, they lack relevant capacities for production.<sup>4</sup> Nevertheless, the imposition of a regime supplying such goods would benefit capital, as well as workers.

Consider training. Capitalists as well as workers are hurt by the non-availability of effective systems of advanced training. For workers, casualization of employment and firm restructuring means that career ladders to higher skills are both more important (to preserve their position on the external labour market onto which they are even more routinely thrown) and less available (given the absence of a stable core inside firms themselves). And within production itself, it becomes difficult for workers to advance their interests in the advanced forms of combined 'team-work' production – involving episodic agglomerations of differently skilled workers and managers for the execution of discrete production tasks. For employers, however, the absence of such a system is also problematic. For it means that they cannot draw on a reservoir of diverse and deep worker skills, even though it is the availability of such a reservoir – if not, alas, its full utilization at any given moment, let alone of course its actual production – that advanced production requires.

Similarly, capital as well as workers is hurt by gross inter-firm variation in work rules, mechanisms of adjudicating intra-firm disputes, compensation and benefits. Workers are hurt by this because it guarantees inequality, and with that a lack of cohesion. Individual workers are hurt by it too, however, both in the obvious sense that many workers have lousy jobs, and in the ways that such incomparability of position limits worker mobility to exploit new employment opportunities. Workers in a job with decent pension rules, for example, may stay there, even if their productivity and satisfaction would be enhanced by a move, because the jobs in which such increased productivity and satisfaction are achievable lack the social protections of the old. But capitalists are clearly disadvantaged by this as well. As more production becomes joint production, just who owns the employment contract is less determinative of whom one works with and how. Firm A sends a delegation of workers to firm B to work on a joint project involving intense collaboration. That collaboration is threatened if firms A and B treat their employees

radically differently. Both sides of the class divide, then, have an interest in assuring some comparability in the terms and conditions of employment. And what is true of training or generalized wage or other norms, we here assert, is true of the diffusion of new technology, advanced forms of work organization, desirable accounting practices, joint marketing arrangements, and all manner of other elements of a well-managed, passably egalitarian and generally productive economy.

### *Constraints and opportunities*

Would capitalist firms consent to being governed in their own interest? We suspect they eventually would, and to this extent a Left economic strategy of effective supply does stand a chance of finding allies on the other side of the class divide. But while all firms may eventually be willing to live under a demanding social order of production, and many may even come to support it, and at least a few may find it in their interest to extend its terms – if only to punish less viable competitors – we cannot emphasize too strongly that all this will as a general matter occur only after that regime has become a social fact. Long-term profitability becomes an interest for firms only if short-termism has been made unprofitable, and intangible production factors are attended to only if strategies that can do without them have been ruled out. Acceptance by capitalist firms of a demanding pattern of production follows its institutionalization rather than precedes it. The regime must be imposed, and alternatives foreclosed. And initially at least, this imposition and foreclosure will be sharply resisted.

Recognizing this, and its own current weakness, the Left must be clear from the beginning that implementing a strategy of effective supply requires a double-barrelled approach of *opportunities* and *constraints*. An economic policy that only provides inducements to investors – for example, in the form of infrastructural provisions, from transportation systems to social peace – falls short of what is needed for advanced capitalism to progress. Constraints are needed to prevent firms from defecting from virtuous production patterns, and to force them to learn to observe social rules more complex and exacting than those of markets, contracts and hierarchy. Social institutions must be put in place that pose problems for firms that behave unacceptably, while also offering solutions to those willing to accept high social standards as a basis of their operation.

### *Equity and efficiency*

Aiming at the structure of production, a Left supply-side strategy rejects conventional notions of a trade-off between economic efficiency and social justice. Social democratic economic ‘realism’ today often accepts the idea that an economy maximizes its efficiency if it is left to itself, enabling political intervention later to detract from such efficiency within reasonable limits in pursuit of social justice. The politics to which this gives rise is one that concedes production and efficiency to management, and economic policy to the Right, as their privileged areas of competence, whereas labour and the Left resign themselves to specializing in distribution, equity and social policy. However, if social integration is recognized as a productive resource, this distinction breaks down, as does the very idea of an efficient economy independent from society and politics.

A productivistic Left economic policy conceives equality and democratic participation not as consumptive benefits taken out of an efficient economy by distributive politics, but as a source of productive progress. Social policy, instead of countervailing economic policy, thus becomes part of it.<sup>5</sup> Equality, rather than being wrought from the economy at the expense of efficiency, is built into the organization of the production process itself. High wages, low wage differentiation and democratic participation serve as supply-side constraints as well as opportunities: ruling out low-wage adjustment strategies while facilitating skill formation and cooperation, and thus high investment in new products, flexible technology, flexible work arrangements, training, etc., that may sustain high wages. Wage bargaining remains important, but the productive contribution of high and stable wages is no longer primarily to provide for high and stable demand, as wages – and social policy in general – become a tool for unions and Left politics to influence the direction of industrial restructuring and work reorganization.<sup>6</sup>

A Left policy of effective supply defends the welfare state as an indispensable instrument for imposing high and egalitarian labour standards on a capitalist economy, as well as for equalizing and enhancing the productive capacities of individuals and organizations, in both ways improving the economy’s performance potential. As it does so, however, it insists on productivity within that state. An inefficient public sector may in the past have generated low-paid but secure employment for the clientele of socialist parties and unions, but today’s needs for effective public support of competitive quality production have made such shelters too costly to defend. It is not shelter from markets that Left social policy

can provide, but equal participation in the productive capacities and collective choices necessary to conquer markets without being conquered by them.

The strategy we recommend, in short, seeks to respond to the limits of both kindness and greed. Mere kindness is dependent on greed providing its material conditions. Mere greed provides material conditions that increase the need for kindness while generating fewer resources for it. While kindness is not enough for a good society, greed is not enough for a productive economy. Left economic policy today can capitalize on the economy’s growing need to be supported by virtuous social institutions if it is to progress as an advanced economy. The Left can mobilize power for the purpose of kindness by inserting itself in the construction of such institutions, making equality and participation both its contribution to capitalism’s competitive performance and the price of that contribution.

### The new politics of solidarity

More products, more choices, greater variation in jobs, less connection between work and community, greater returns to unevenly distributed human capital, and casualized employment can unmake not just a working class, but a public. And without a public, it is difficult to produce the very public goods on which quality-competitive production depends.

At the outset let us say that this problem is, perhaps, not quite as bleak as many students of ‘disorganized capitalism’ would have us believe. The reason is that the very changes just described – while clearly disruptive of traditional solidaristic practices – prepare the grounds for new ones. Thus far we have chiefly witnessed the ways in which increased competition and firm restructuring have eroded individual and firm tolerance for those who cannot ‘pay their own way’, while opening up new opportunities for those with unique niches or endowments. Where all is competition, all life is a search for narrowly defensible rents. At some point in the competitive maelstrom, however, it becomes obvious even to the lucky that their luck is unlikely to be eternal. And as this experience becomes general, so too does the social interest in finding some insurance against risk. We cannot assume, however, that the agent of this new system, and its requisite institutional supports, will arise naturally. Both will have to be aimed at to be achieved, and doing so will require the Left to break with some past orthodoxies.

*Association and its artifice*

Just as the productivist contribution of the Left during the post-war period went on 'behind the back' of established Left rhetoric, so too did the Left's discovery of a central organizational feature of modern capitalism. To work in even passably egalitarian ways, mass democracies require the support of a wide variety of 'secondary' associations – unions, employer associations, community organizations, other civic associations – of a certain kind. These are needed for the representation of social interests, the conveyance of information to the state, the monitoring and enforcement in private arenas of state commands, and the development of trust and cooperation among social actors in all kinds of social project. Given the inequalities of capitalism, however, the right kinds of associative support do not arise naturally. More commonly, indeed, the associations that do form incline toward pathologies of particularism – excessively narrow assertions of interest – or pathologies of inequality – more heavily resourced actors find it easier to organize and use organization to enrich themselves further. And this may leave democracy enfeebled rather than strengthened.

This problem might be 'solved' by limiting associational rights, but this of course is a cure much worse than the disease. Alternatively, and this was the Left's discovery, the 'right kinds' of association might be explicitly encouraged as a counterweight to the 'wrong kinds' that naturally emerge. Political organization, in other words, might be subsidized, as part of the administrative costs of democracy.

As with its own productivism, this Left discovery was seldom explicitly thematized. In practice, however, the Left made sure that its mass popular organizations (as well, in some measure, as those of business) received ample support from the state – subsidies and other supports to political parties and other overtly political organizations, unions and other institutions of economic governance, community organizations and other institutions of representation. With the decline of old forms of solidarity, and the need to encourage new ones, this lesson must now be made public. Just as the economic world is constrained by the social, so the social should be constrained by the requirements of democracy itself. An explicit 'politics of association' is needed on the Left – the aim of which would be to use traditional state powers (taxes, subsidies, other supports) deliberately to provide democracy with its needed associative base.

A prominent example of such use is state mandates on representation itself. In our studies of works councils – to take just one example – we have been impressed with how very important explicit state support is

for the viability of such representative forms.<sup>7</sup> Even as, in their mature form, councils may be welcomed by management and labour, their welcome depends (especially at their beginning) on dynamics only set in motion by an absence of choice about their existence. Equally, one cannot fail to be impressed at how important deliberate state subsidies and supports are for the management and union participation in European apprenticeship systems and skills standards setting. While private associative actors can relieve the state of much unnecessary work, they themselves need to be fed.

Here then the orthodoxy the Left needs to break with is its own silence about its own practice. Just as deliberate attention to the narrowly economic institutional bases of productive economy is a recommended focus of its public energies, so too should be construction of the broader associative bases for a deliberative, competent public.<sup>8</sup>

*Democratic agency*

The Left needs a view of agency simultaneously more encompassing and more demanding than that of Marx. The subject of the Left is no longer best characterized as 'the working class'. Few members of that class think of themselves exclusively as workers; ambiguities in class position confound easy organizational boundaries drawn on the basis of it; and even some clearly non-working-class actors have a stake in what we are about. The agent of the Left, instead, is something more like 'the democratic public' – all those (the working class certainly squarely among them) with an interest in the autonomy and mutual respect that is the foundation of democratic politics, and in the protection of social life and 'nature' from the wreckage inflicted on them by unregulated market forces. At the same time, the 'universal subject' can no longer (if it ever could) be reasonably expected to take a determinate social form, from which solidarity will more or less naturally arise. Now more than ever, solidarity will need to be constructed discursively, and explicitly, with a practice informed by the democratic commitments that ground it. The notion of a constructed rather than found agent makes explicitly imperative, moreover, what we in any case believe to be the case, namely that the universal interest in democracy must be declared before the subject will be found to carry it forward. It is the articulation of that interest that the Left should first and foremost in these days be about. The subject, we believe, can follow. Considering the number of people at risk, under modern capitalism, of finding their lives and their social relations disrupted by 'market forces', we are sanguine about its size.

Without forsaking the Left's traditional attachment to modernity, moreover, we recommend that the Left come to franker terms with its deep affinities with at least some aspects of conservative thought. The Left, including the Marxist Left, has always in some measure been conservative – devoted to protecting the human substance of individuals and societies from being destroyed by marketization. If ever there was a fundamental claim that united the Left's various factions, it was that the lives of human beings must not be made subservient to the laws of motion of the market. In Marx, this became the central motif of a theory of capitalist crisis, premised on the belief that human society would ultimately prove itself ungovernable, and thus unproductive, under a market regime. Marxist crisis theory, in turn, was linked to a theory of class, which served to identify the social and political counterforces that would be activated by capitalist development and would ultimately subject it to social control. It is quite possible that it was the sociological realism of Marxist class theory, especially as it came to be constructed by Marx's followers, that blinded the Left to the powerful commonalities it always had with conservative critics of capitalism, such as Durkheim and, in particular, Polanyi.

Re-reading Polanyi today, one finds another theory of capitalist crisis, like Marx's asserting the ultimate incompatibility of human nature with commercialization, but without the ballast of a realist theory of class. For Polanyi just as for Marx, society under capitalism faces the task of organizing a 'counter-movement' against the anarchy of the market: a task of institutional reconstruction for the sake of protecting both the human and natural substance and the productive capacity of industrial society, and indeed both in one. With capitalism's post-1945 institutional containment broken, this problem poses itself again today, with exactly the same urgency as in the past, and in fact on an even larger scale. For the Left, building its political strategy around the need for institutional protection of society and nature in a global economy should not be ideologically difficult, in the light of its fundamental historical insight that *capitalism's social as well as economic viability depends on the limits society manages to impose on it*. And having been forced by history to abandon its class-theoretical realism, there should be no reason why the Left should not today seek and find allies far beyond its traditional constituencies.

## Beyond defeat

Finally and most immediately, however, a renewed Left must take leave from traditional perceptions of the economy and the role of Left politics in it. Sheltered by the Keynesian synthesis, the Left felt free to operate at arm's length from production. Either wealth creation and economic efficiency were taken for granted, or providing for them was left to capital, management and the market. By concentrating on distributive politics and avoiding involvement in the production sphere, the Left protected its autonomy from capital and established for itself an independent base for corrective intervention in capitalist economies – conveniently overlooking its own essential contribution to the wealth that gave credibility to its redistributionist claims.

The problem of Left economic policy at present is that the power it used to derive from its tacit contribution to the performance of the Keynesian–Fordist production system has disappeared together with that system. Lacking an alternative, and with mounting confusion, the Left waffles between marginalizing defences of traditional redistribution and a resigned acceptance of the view that restoration of competitiveness and productive performance requires deregulation, less public intervention, restoration of managerial prerogative, less egalitarianism, and higher rewards for 'initiative' and 'risk'. To the extent that unions and social democratic parties find such policies difficult to execute themselves, they more or less openly concede the management of the economy and the creation of material wealth to the Right, hoping to pick up later some of the benefits of neo-liberal supply-side revitalization to hand out to their clientele. In the meantime, other, less odious subjects are preferred, the farther removed from the economy the better.

We have argued here that contenting itself with, as it were, neo-liberalism with a human face is unnecessary and dangerous for the Left. Ultimately restoration of competitiveness in western capitalism is not possible without attention to the productive contribution of citizenship and social justice. Leaving efficiency to capital and limiting Left intervention to distributive justice not only surrenders the Left's claim for power, but results in less than optimal efficiency and thus hurts society as a whole. If the Left misses its opportunity, the social and economic decline of western capitalism – from growing inequality to stagnating productivity and declining competitiveness – will not be halted. It is only an egalitarian popular Left that understands the productive benefits of regulation that can establish a new bargain between equity and efficiency – one that has been made both possible by the opportunity to move

towards quality-competitive production, and indispensable for competitiveness by the changes in the world economy.

## Notes

- 1 This is emphatically not to say that the supply-side project we recommend should be inattentive to the structure of demand, much less that it can succeed without active state intervention in the economy (for example, in foreclosing low-wage options on restructuring, providing material supports for more appropriate sorts of restructuring, ensuring appropriate material and immaterial infrastructure for the more socially controlled economy we seek). It is to insist that demand stimulus alone, especially undirected stimulus, will no longer suffice to assure the general welfare.
- 2 This issue deserves more attention than can be given it here. Briefly, however, those who argue that capital and product markets are now completely integrated mistake stylized facts for reality. National savings and investment rates still correlate closely, and national manufacturing tends overwhelmingly to trade with itself. More pertinent, even within sectors directly exposed to international competition, the home economy retains considerable discretion in shaping their strategy of response. For purposes of this essay, we assume residual social capacity to set the terms of economic activity.
- 3 That is, redistribution without productive side effects, intended or unintended. As we have argued, it was the beauty of the Keynesian period that the Left could actively contribute to production and productivity without knowing, or at least without having to admit openly, that this was what it was doing; it could be *de facto* productivist, and collect the political dividend of productivism, while at the same time maintaining the illusion of itself as exclusively distributionist and without 'responsibility' for the management of capitalism. This luxury, we are saying, is no longer available.
- 4 Even the largest and most decentralized firm, for example, cannot keep track of all that is happening in labour markets. When it comes to competence, moreover, what is true of firms is true as well of the state. Despite its much greater supervisory, monitoring and enforcement capacities, the 'all thumbs no fingers' state is not optimally suited to providing the continuous micro-adjustments needed for effective supply.
- 5 Rather than, as in neo-liberalism, economic policy becoming social policy.
- 6 Supply-side Left economic policy therefore rejects a strategy of increasing employment by lowering wages at the bottom end of the wage scale, resulting in higher inequality. In addition to the obvious inequality effect, a lower wage level and higher wage differentiation reduce the pressure on employers to train, to invest in customized quality products, and to organize work so as to accommodate high skills and broad, decentralized responsibility, all of which reduce productivity.
- 7 See Rogers and Streeck (forthcoming).
- 8 For further consideration of a deliberate Left 'politics of association' see Cohen and Rogers (1992).

## References

- Cohen, J. and Rogers, J. 1992: Secondary associations and democratic governance. *Politics and Society*, 20, 393–465.
- Rogers, J. and Streeck, W. forthcoming: *Works Councils*. Chicago: University of Chicago Press.

it is unlikely that western capitalist societies will be able successfully to compete with Asian capitalism without sacrificing such defining values.

Our argument has three parts. The first part ('The good old days and lessons learned') briefly reviews the institutional premises and recent problems of Keynesian social democracy, while drawing some general lessons on the conditions of Left stability and advance. The second part ('Why the Left must again save capitalism from itself') makes the general case for popular, regulative institutions on the supply side, and indicates why the Left is uniquely suited to construct them. The third part ('The new politics of solidarity') focuses on the organizational and ideological reform the project requires of the Left itself.

### The good old days and lessons learned

The democratic Left makes progress under capitalism when it improves the material well-being of workers, solves a problem for capitalists that capitalists cannot solve for themselves, and in doing both wins sufficient political cachet to contest capitalist monopoly on articulating the 'general interest'. The Left Keynesian project that did just these rested on three organizational premises.

The first was a nation-state capable of directive control of the environment of economic production within its territory. Most importantly within the Keynesian synthesis, this meant a national economy sufficiently insulated from foreign competitors for the benefits of demand stimulus to be reliably captured within its borders, and a monetary policy apparatus sufficiently insulated from world-wide financial flows to permit unilateral correctives to recession. The second was the organization of capital into large, lead, stable firms dominating industry clusters. Large lead firms provided ready targets for worker organization, and levers in extending the benefits of organization throughout the economy they dominated. Firm stability – itself underwritten by the stabilization of demand that was the goal of the Keynesian system – meant stability for the career paths of workers within them. This also facilitated organization, and underwrote the evolution of the 'industrial' model of union organization centred on administration of the internal labour market. The third was the existence of a more or less determinate working class. Aided by pre-existing 'organic' solidarities and all manner of social restrictions, the distinctiveness and integrity of this class was assured by the levelling organizations of mass production. These both destroyed traditional craft divisions within the working class and, on the assembly line, forcefully clarified the distinctive interests of labour and capital.

Present Left difficulties are owing chiefly to the fact that each of these organizational pillars of the old system is now subject to sharp, and for all practical purposes irreversible, forces of erosion. While product and capital market integration is less than complete,<sup>2</sup> economic internationalization has proceeded far enough for Keynesianism to be limited as a state strategy, and simple wage improvement to be impossible as a union strategy. For the state, the permeability of national boundaries removes assurance that the benefits of demand stimulation will be captured nationally, and compromises efforts at unilateral monetary correction. For unions, even national wage norms no longer succeed in effectively 'taking wages out of competition'.

World-wide, we have seen a reorganization of production that complicates the tasks of worker organization. The dominant 'Fordist' production model associated with the post-war years – high-volume, assembly-line production of standardized goods, and steadily rising productivity with benefits captured in higher wages and lower-priced mass consumer goods – has widely collapsed. Many firms are instead now 'sweating' labour in old-style production, albeit increasingly tailored to niche commodity markets. Others are pursuing one or another variety of 'lean' production. Such strategies characteristically feature more advanced attention to logistics and quality, and more intensive utilization of front-line workers, usually organized in teams. But they are associated with just as fierce downward pressures on wages, and just as much hostility to collective worker representation. World-wide, both 'sweating' and 'lean' firms are increasing their market share at the expense of older, generally larger, unionized rivals. They have become the icons of a new age of 'flexible' production, with most of the costs of flexible adjustment to unstable demand visited on workers.

If the threat such productive reorganization poses to worker welfare is too obvious to be laboured, worth noting are the difficulties attending worker organization on adoption of a more worker-friendly, high-wage response. In theory, and in at least limited practice, it is quite possible for high-wage, unionized firms to survive amid fierce price competition by emphasizing non-price attributes of their products – quality, variety, design, speed in delivery, service, and so on. To capture such quality premia, however, firms need to organize themselves for more or less continuous innovation. Organizationally, this means breaking with traditional divisions of labour among different departments of the firm, deploying workers more flexibly, and investing heavily in workforce training to permit frontline workers to assume more autonomy. As work becomes more differentiated and skilled, however, differences in contribution become more visible. With this comes increased difficulty in