

Republican Reflections on the 15-M Movement

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In its criticism of the democratic deficit in Spain, has the 15M movement challenged Philip Pettit's theory of republicanism which gave its intellectual authority to Zapatero's government? The philosopher draws his own conclusions on the movement and the crisis it stems from.

What do you say to thousands of young people who gather in frustration at a political system that has utterly failed them? Is there anything to say that can reach the depth of their wholly understandable outrage at the disappearance of jobs and the collapse of prospects?¹

As someone associated in an unusual way with the Zapatero government, I cannot avoid that question. Asked to report on the performance of that government in August 2004, in particular its fidelity to the republican principles I espouse, I gave it a high mark. So what do I say three years later?

In thinking about the future of Spain under the Zapatero government – indeed under any government – I made two serious mistakes. I was naive about the reliability of the international financial system in providing the infrastructure that would enable the government in a country like Spain to provide for its people's economic welfare. And I failed to realize how far the country's options for responding to a downturn of economic fortunes would be restricted by its membership in the Eurozone.

I continue to commend the performance of the Zapatero government for its attempts to equalize the position of women in society, for its regularization of the status of many illegal immigrants, for the law of dependency that it established in protection of the vulnerable, and for the introduction of same-sex marriage. And I still commend it for the independence that it gave to the national broadcaster, for the greater degree of transparency that it brought to

¹ My thanks for comments on an earlier draft from Tom Hickey, Jose Marti and Victoria McGrath

government business and for establishing Spain in the role of a model international citizen.

These are signal and hopefully lasting achievements. But now is not the time for praise. Now is a time for taking stock and thinking about where we go from here. So what are the lessons that have been taught by the painful experiences of the last couple of years? I concentrate on lessons for the relationship between government and the economy, though I recognize, as I mention in the conclusion, that there may be wider and deeper lessons to be learned as well.

Riding the Tiger

The crisis showed us all that the reliance of governments on the international financial system amounts, in an old phrase, to riding the tiger. All governments depend on the bond market for financing national projects, especially within a fixed currency area like the Eurozone; this is no more surprising than the fact that homeowners rely on mortgage houses for purchasing their apartments or houses. And all governments depend on the banking system and stock market, of course, for the capital that nurtures job-creating enterprises. This dependence makes for a serious vulnerability to how well the international financial system performs.

The system on which our governments depend – in my image, the tiger that they ride – is often presented as a body of individuals with a concerted will of their own: a cadre of international financiers and bankers that acts with a single, self-aggrandizing aim. It would be nice if things were like that, for such an entity would then offer a lightning rod for our outrage, a target for our resentment, an agency that we might expect to be able to censure and hold to account. But alas, as always, things are more complicated.

The tiger that our governments ride is a more wayward and untameable beast than the body imagined in such a conspiracy theory. Its movements are dictated by motives no less self-seeking and callous than those projected in that theory. But they are dictated from a thousand or more sources, making the performance of the tiger an unpredictable precipitate of multiple inputs. The behavior of this tiger is as shapeless and thoughtless, and often as turbulent, as the shifts of wind in a storm.

Spain is now exposed to the worst of those winds. An imported financial crisis has led to unemployment, unemployment payments to an increased government deficit, the rise in

that deficit to bond-market uncertainty, and this uncertainty to increased borrowing costs. The fear of a further increase in costs has inhibited the potential of the government to respond to unemployment by Keynesian, pump-priming methods of economic stimulation, since they require budget deficits. And the constraints of the Eurozone have made it close to impossible for the government to manage the crisis by devaluing the currency or defaulting on its debt. We are in the midst of a perfect storm.

How should Spain respond to this experience? How, more generally, should the peoples of the world respond? Do we have the capacity to assert ourselves democratically against the tiger of the financial system? Or are we forever subject to the whims and moods of a capricious beast?

Two Radical Responses

There are two extreme responses that the financial crisis and its aftermath have provoked. One is to say that all will be well if our governments stop trying to anticipate and deflect the movements of the tiger by propping up and bailing out the bodies that they judge too big to fail. This approach, exemplified in the stance of the Tea Party in the United States, amounts to pre-emptive surrender in face of the profit-seeking ventures of credit and capital. It gives government the task of law and order and calls for the abdication of the state in the sphere of production, commerce and employment.

This first response would downsize and marginalize government, letting the market rule unimpeded in the financial and material economy. The second radical response would recommend the very opposite. It would support a rejection of dependence on the sort of beast that the international financial system constitutes. Where the first approach would give the tiger free range, this would simply kill the animal. Those attracted to the response complain that that so long as the tiger survives, we all live at its mercy. They recommend that we should reject dependency on impersonal market forces and reclaim our status as a democratic people, our standing as rulers of our individual and collective lives.

Because they are simple, these two responses have a natural attraction at a time of extreme crisis. It is comforting to think that all will be well if we can only liberate the power of the market or if we can only re-assert our will as a people. But because the responses are simplistic, we should back away from each.

The Mistakes in These Responses

The first response puts its faith in the invisible hand of market-based adjustments, oblivious to the fact that it is governments who fix the laws under which titles of ownership are established, rights of property and trade are determined, the money supply is controlled, and the very capacity for incorporation that is exercised in the formation of banks and companies is defined. There is little plausibility or attraction in the ideal it hails. It would license a plutocratic regime in which markets allow enormous concentrations of personal and corporate wealth and the polity does nothing about restraining the power of those thereby enriched.

The second approach puts its faith in a more attractive object than the first, appealing to the sense of our collective power as a democratic people; it is populist in character rather than plutocratic. But this approach is equally blind to blatant fact. It suggests that we can rely on democratic decision-making to call an economic and financial system into being, relying on centralized planning or coordination, all on its own, to establish a viable system of credit and a functional market. And that is wholly implausible.

The creation of such a system requires a people and a government to recruit private sources of wealth and investment in the enterprise of building a prosperous society. And this means building with what Kant called the crooked timber of humanity. It requires acknowledging the imperfect motives and the limiting constraints of people's psychology and sociology and devising institutions that can survive in the presence of such more or less fixed parameters. Even the most democratically inspired institutions will fail unless they are able to take root in the human environment that these parameters define.

This human environment relates to democratic progress in the building of institutions, for example the institutions required for a viable financial system, much as the natural environment relates to the technologies whereby we achieve material progress. The natural environment offers us rich resources of nutrition and energy but these resources are scarce and, as we now know to our cost, extremely hard to sustain. In parallel, the human environment promises us rich prospects of production, trade and employment but access to these prospects is also problematic. Their availability depends on how much confidence individuals and groups can be brought to invest in one another and on how much credit they can be persuaded to extend.

As a species, we have done many things surprisingly well in building a society that copes with the limitations of the natural and human environments. The technologies accumulated in agriculture and industry have transformed the natural environment and bent it to our human will, enabling us to do more than scratch a bare living from the soil. And the ideals and institutions elaborated in our political and democratic practice hold out at least the possibility of a human environment in which we can claim shared responsibility for collective arrangements and can enjoy equal respect under those arrangements. This is the ideal of a democratic republic in which we can each walk tall, conscious of being sufficiently resourced and protected to be able to make our own way in the world – conscious, in effect, of enjoying a freedom that gives us independence from the will or domination of any individual or group.

If we are to do well on the technological front, achieving material progress, then we must clearly work within the limitations of the natural or physical environment. And if we are to do well on the institutional, achieving democratic progress, then we must equally work within the constraints imposed by the psychological and sociological realities of human life. Long tradition teaches us about those realities. It counsels us that power corrupts, for example, and that those we empower should always be held accountable. It teaches us that no one is proof against temptation, so that no one should be given unconstrained opportunity for self-enrichment. And it teaches us that everybody's business is nobody's business and, in Aristotle's observation, that people will look after their own property better than they will look after what belongs to all. We ignore these constraints at our peril when we offer proposals for democratic, institutional design.

The populist fallacy is precisely that of ignoring constraints of this kind and imagining that we can construct the great society without heed to the recalcitrance of the human material, the crookedness of the human timber, with which we build. It may not be as salient a fallacy as the plutocratic counterpart but it is just as dangerous. Thus it would encourage us to be complacent about the possibility of building a system of confidence and credit, which any flourishing democracy requires, without having to worry about its compatibility with the often uncongenial instincts and limitations of our human make-up. It would foster the illusion that there is a new, secular Jerusalem within our immediate, collective reach: that all it requires to get there is goodwill.

The Lesson of the Financial Crisis and its Aftermath

The looming shortage of fossil fuels, the manifest danger of relying on nuclear energy and the threat of climate change have made us all aware of how fragile the technologies whereby we maintain synergy with our natural environment are. And the financial crisis, I would say, teaches a parallel lesson in the human domain. It has shown us how fragile are the institutions whereby we promote successful government and preserve democratic control over our lives. In particular, it has demonstrated the ease with which institutional changes in the organization of banking – the deregulation pursued with reckless abandon over the ten years preceding the crisis – can jeopardize the existence of confidence and credit on which our democracies rely for the economic welfare of citizens.

The deregulation that was introduced prior to the financial crisis was prompted by a disastrous indifference, on a par with the populist indifference just described, to the Kantian counsel of recognizing that the timber of humanity is crooked. Consider the developments whereby those in the financial sector were allowed to blur the lines between high street and investment banking, to lend and invest on the basis of an ever smaller asset base, to divide and package debt obligations so that risk became utterly opaque, to allow for unsustainable levels of insurance against default, and to perpetrate a popular illusion that the temporary growth thereby stimulated was based on solid economic achievement. Whether or not these developments were promoted by the financial sector on a good-faith basis, they created a milieu in which the desire for quick, often fabulous profits generated a frenzy of risk-taking and visited a tragedy on people worldwide.

None of us can contemplate with analytical detachment the ravages that the self-seeking few, operating within the newly deregulated environment, imposed on the rest of humanity. None can contemplate those ravages without moral indignation at the fact that only a tiny percentage of those few have had to pay a legal or even an economic price for their activity. And none can contemplate the ravages without extreme outrage at the realization that most of the few have gone on to thrive and prosper, even as the many have had to face unemployment, austerity and downright poverty. The thing beggars belief.

But while the performance of financial operatives may beggar belief, on reflection it ought not to be very surprising. Over two thousand years ago Plato invoked the ring of Gyges to suggest that few of us would prove virtuous, were we able to wear a ring that gave us invisibility and impunity in the pursuit of our own pleasures. It is a sad fact of human

nature that while many of us may be uncorrupted, not many are incorruptible; not many are capable when opportunity offers of resisting the temptation to make a quick buck. The timber, as Kant said, is crooked. Given the amazing opportunities that individuals and organizations in the financial sector enjoyed under the new deregulation, it should probably not shock us that those opportunities were exploited to maximum advantage.

Beyond Plutocracy and Populism

How then should we respond to the financial crisis and its aftermath? We should certainly avoid the iconoclastic urge to seek the demolition of either the governmental or the financial system. There is no case for advocating the abdication of democratic responsibility in the manner of the plutocratic response or for denying the need to ride the tiger of an independent financial system in the manner of the populist. The tiger is not to be given free range and the tiger is not to be hunted down and killed.

The response required, in a third alternative that our metaphor suggests, is to rein in and regulate the tiger: to put it to work for democratic ends, under restrictions that make sure it serves those ends. The challenge is to devise a regulative regime in which the financial system can continue to provide us with resources of credit without giving financial insiders the opportunity or incentive for activities that endanger the overall, common good. This is a democratic and not just a technocratic challenge. It will certainly require technical expertise to identify means whereby a financial system that has novel instruments at its disposal can still be regulated and harnessed to the common good. But it is up to a responsible parliament and a contestatory citizenry to explore the strengths and weaknesses of different proposals and to maintain oversight of whatever proposal is eventually enacted.

How can a contestatory citizenry function in a role of this kind? The Italian-Atlantic tradition of republicanism suggests that if citizens are to exercise the contestatory control that democracy requires, then they must divide the civic labor of contestation between them, with different groups specializing in different areas of governmental activity; here as in other areas power must be dispersed. Contemporary society is too complex to enable the virtuous citizen, or even the body of virtuous citizens as a whole, to interrogate government on every front. It is essential for the proper invigilation of those in power that different civic associations can monitor the decisions of the authorities in different areas of policymaking, can muster the best available expertise in assessing what the authorities decide, and can hold them to effective, public account.

The 15-M movement has been important in giving expression to the insistence of the people at large that government should live up to their expectations on the economic and related fronts. But if it is to have a lasting impact on how government is pursued, then it must generate more specialized associations for the interrogation of government policy. Democracy is hard, often boring work and it is vital that the democratic energy behind the 15-M movement is channelled in such directions. Otherwise it is likely to be as evanescent in its impact as a New Year's Eve fireworks display.

But while the challenge identified is democratic rather than just technocratic in character, it engages democracy on the international as well as the national front. The financial crisis began in the United States and spread elsewhere via the exposure of financial houses in other countries to the complex and opaque risks manufactured in America. Moreover, the austerity program imposed in the aftermath of the financial crisis is the artifact of a skittish, international bond market and a determination on the part of a range of countries, particularly those in the European Union, to assure the market that neither they nor the countries they bail out of trouble will resort to pump-priming methods of economic stimulation.

The international nature of the challenge, like the technocratic, does not mean that it is not truly democratic in character. But it does mean that if people are to address it seriously in the contestatory mode I envisage, then they have to do so via civic associations that reach across boundaries. Fully alerting governments to the urgency of popular demand may be better achieved by marches across Europe than by mass gatherings in national squares. And the dubious case for pan-European austerity might be most effectively interrogated and tested by the trans-national, non-governmental organizations that such marches would support.

Conclusion

None of us who applauded the performance of government – any government – in the years prior to the financial crisis can be complacent about what has transpired since then in countries like Spain, let alone countries like Greece and Portugal and my own native Ireland. The experience of these countries is humiliating for any commentator who celebrated government success. We thought and said that things were going well but all the time there

was a perfect storm in the making.

Apology aside, however, there are three points emerging from the previous discussion that I would like to emphasize. First, the achievements of the Zapatero government in those years should not be overlooked; they remain important and, I hope, lasting. Second, the failure of the government to provide for the employment prospects of its people should not prompt us to lurch into either of the iconoclastic positions I described; it should alert us to the importance of governmental regulation over the financial system and of democratic invigilation of the regulatory regime established. And third, the democratic challenge to government in the area of financial regulation and economic policy should be taken to the European level, not just left at the national; the civic associations on which it depends must assume a cross-country, EU-wide profile.

This essay has concentrated on the failure of government on the financial and economic front, since the stimulus to the 15-M movement has been the collapse in the jobs market. But the challenges that civic associations can make on government in furtherance of 15-M goals are not limited, of course, to the financial front. The complaints generated by the movement run much deeper, casting doubt on the character of existing democratic parties, for example, and on their claim to be able to give voice to popular demand. But here too, if the movement is to make a permanent impact on public life, it has to get serious about issues of institutional design. It has to be able to generate proposals for change and it has to be able to command a hearing for those proposals in the popular press and within the political parties, in the parliament and at the polls. I trust that it will be able to generate discussion and open up decision on these wide-ranging matters. To the extent that it succeeds, democracy will be the winner: democracy in Spain and, by example, democracy in other countries too.

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