

Social Democratic Horizon (4):
Rebuilding Social Democracy

Hossein Jorjani

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Social Democratic Horizon (4): Rebuilding Social Democracy

Hossein Jorjani¹

1 – Abstract

This essay offers an internal and constructive critique of social democracy. It begins from the conviction that “real-existing” social democracy, despite its decline and its long adaptation to boundaries established by the political right, is not beyond repair. The purpose is not to present a comprehensive history or a finished political theory, but to trace a selective path from early socialism, liberal political economy, and Marx to the rise and weakening of modern social democracy.

The essay argues that the older social-democratic settlement depended upon nationally organised industrial economies, strong trade unions, expanding production, and the political centrality of industrial workers. Automation, globalisation, occupational differentiation, higher levels of education, ecological constraints, and the increasing concentration of economic and organisational power gradually weakened these foundations. Social-democratic parties responded to visible crises but did not sufficiently reconstruct their institutions, language, and social base for the changing population of wage and salary earners.

The proposed direction of reconstruction is summarised in two aims: **to make democracy more social and to make the economy more democratic**. The Associative Democratic Model (**ADM**) explores how citizens might participate continuously through multiple and overlapping voluntary associations without immediately abandoning equal suffrage. The Effective Number of Economic Actors (**ENEA**) asks how economic plurality can be measured more realistically when nominally separate firms are connected through ownership, finance, coordination, and dependence.

These proposals are not presented as institutional cures. They are frameworks for gradual experimentation, comparison, measurement, and revision. Their common purpose is to disperse effective power, enlarge meaningful participation, and reconnect social democracy with all wage and salary earners rather than with the diminishing social world of industrial labour alone.

¹ The first draft of this article was reviewed by three friends (PS, AB, AH), who provided me with many useful comments. One of them (AB) was kind enough to draft a few paragraphs for a new section. I remain indebted to them for their constructive views; any remaining shortcomings are, of course, my own.

2 – Introduction

In three previously published essays,¹ I tried to describe social democracy as I have come to understand it through political activity, trade-union membership, and everyday experience. My emphasis there was primarily on identifying and presenting a pattern, not on examining all the historical processes that produced it. This essay continues that discussion. Here, I shall try to tell a longer story about how social democracy emerged, how it changed, why it lost much of its earlier strength, and how it might be rebuilt.

I do not write as a specialist in political philosophy, intellectual history, economics, or statistics. Nor am I attempting to produce a comprehensive history of socialism and social democracy. I am writing as a social democrat who has tried to understand what happened to a political tradition that once combined economic development, social welfare, and a significant degree of social justice—and why that combination has become increasingly difficult to sustain.

Many democratic societies have repeatedly experienced waves of anti-establishment protest voting. These waves differ from one country and period to another, but they appear to share a disturbing feature: many citizens feel that their votes no longer have the power to bring about meaningful change. This dissatisfaction should not always be dismissed as momentary anger or political irrationality. It may also indicate a structural problem: political and economic institutions increasingly concentrate effective decision-making power in the hands of a limited number of people and organisations.

The principal traditions that have shaped modern politics offer different but incomplete responses to this problem. Liberal democracy protects individual rights and political choice, but it often treats citizens primarily as separate voters whose formal equality becomes visible mainly at election time. Marxism developed a more systematic criticism of political and economic inequality, but its abstract framework placed exceptional weight on the adversarial opposition between capital and labour. Social democracy developed between and alongside these traditions. It accepted important elements of liberal democracy while attempting to correct its social and economic limitations, and it absorbed parts of the socialist criticism of capitalism without accepting the necessity of revolutionary rupture.

My point of view is internal to social democracy. I do not write as an external opponent or as a critic from the Marxist left. I continue to regard social democracy as one of the most valuable political and moral traditions of the modern period. Over the past several decades, however, social democratic parties have moved increasingly toward the political centre and, in many cases, accepted the terms of political debate established by the right. They learned to administer capitalist economies, but gradually lost much of

¹ The three previously published essays are: "Social Democratic Horizon: (1) [What Is Social Democracy?](#) (2) [Another Way of Becoming a Social Democrat](#), and (3) [A New Look at the Old Phenomenon of Social Democracy](#)."

their capacity—or willingness—to reform those economies according to the principles of equality, participation, and collective responsibility.

Why did this happen? Why did social democratic institutions remain closely attached to the social structure of industrial society while production, occupations, and political identities were changing? Why did social democratic parties fail to extend their social base from industrial workers to the much larger and increasingly diverse population of wage and salary earners? And why did they allow the political right to redefine ownership, taxation, individual aspiration, and even freedom?

My purpose is to examine these questions critically but constructively. I want to understand how social democracy reached its present condition and what its renewal might require under global and post-industrial conditions. My purpose is not to abandon social democracy but to consider how something that could have worked better might still be repaired: by making democracy more social and the economy more democratic.

To tell this story, I shall revisit some arguments associated with early socialism, liberalism, Karl Marx, and the rise and decline of social democracy. My account is necessarily selective. I am interested less in providing a complete history of ideas than in identifying certain assumptions that continue to influence how we think about democracy, socialism, markets, ownership, and social change.

In particular, I shall examine the tendency to treat contradiction as the principal generator of change. Contradiction, opposition, and negation are real and important manifestations of change, but they do not exhaust the phenomenon. Change may also occur through reciprocity, cooperation, adaptation, differentiation, integration, feedback, gradual accumulation, and other forms of transformation. Relationships and movements need not always be contradictory or adversarial. If this is so, a political project need not begin by identifying something that must be broken. It may instead ask what can be repaired, reorganised, or gradually transformed.

The later sections develop two working proposals: the Associative Democratic Model (**ADM**) and the Effective Number of Economic Actors (**ENEA**).¹ **ADM** explores how democracy might become more social by enabling people to participate through their multiple, overlapping, and voluntarily organised identities. **ENEA** explores how the economy might become more democratic by measuring and limiting concentrations of economic power.

These are proposals for discussion, not components of a finished theory. The institutional arrangements and statistical measures presented later are intended to demonstrate that alternative ways of thinking and measuring are possible. No single measure provides a complete picture. Several partial measures may nevertheless help

¹ Later in this essay, *Associative* and *Association* are used in a specific technical sense within the Associative Democratic Model (**ADM**). They are capitalised when used in this sense.

us judge whether a political or economic system is moving closer to, or further away from, the goals of dispersed power, meaningful participation, and social democracy.¹

3 – Early Socialists

During the early decades of industrial society, thinkers such as Henri Saint-Simon, Charles Fourier, and Robert Owen developed wide-ranging criticisms of competition, property,² inherited privilege, and liberal individualism. They did not yet use “capitalism” in its later, established sense,³ but they described what they regarded as the moral, social, and economic disorders of the emerging industrial and commercial order. Their different projects, later grouped together by Marx and Engels under the heading of “utopian socialism,”^{4 5} were among the first sustained socialist challenges to liberal political economy.

3.1 – Moral Criticism of Commerce and Competition

In *Observations on the Effect of the Manufacturing System* (1815),⁶ Owen criticised the moral consequences of a commercial society in which people were trained to buy as cheaply and sell as dearly as possible. In his view, this principle encouraged deception and damaged human character. In his later writings, he extended this criticism to the commercial order more generally and argued that competition should be replaced, or at least restrained, by cooperation, education, and the deliberate improvement of people’s social environment.

¹ Terms such as “capitalism,” “class,” and the “invisible hand” carry assumptions derived from different intellectual traditions. Where possible, I therefore try to state how such terms are being used rather than assume that they possess a single, settled meaning.

² Here “property” includes land, workshops, machinery, and other productive assets. The term may refer both to the assets themselves and to the institutional system of rights governing their possession, use, transfer, and control. “Ownership” refers more specifically to the individuals or organisations holding some or all of those rights.

³ In this essay, “capitalism” refers primarily to the industrial order that developed during and after the Industrial Revolution, characterised by mechanised production, capital accumulation, extensive wage labour, and the separation of many workers from ownership or control of productive assets. It is not used as a synonym for commerce, markets, private property, lending, or accumulated wealth, all of which existed much earlier. Marx himself more commonly wrote of “capitalist production” or the “capitalist mode of production.”

⁴ For historical works, **the first date indicates the year of original composition, delivery, or publication**, as appropriate; **the date in square brackets indicates the edition consulted**. Thus, Engels (1880 [1970]) refers to a work originally published in 1880 and to the 1970 edition used here.

⁵ Marx and Engels (1848 [1976]); Engels (1880 [1970]).

⁶ Owen (1815 [1991]).

Charles Fourier approached the problem differently but arrived at a similarly severe judgement. In works beginning with *Théorie des quatre mouvements* (1808), he criticised what he called “Civilisation” for fragmenting human activity and placing people in artificial competition with one another.¹ In *La Fausse Industrie* (1835-1836),² he described the existing industrial order as fragmented, repugnant, and deceptive. Both Owen and Fourier believed that an economic system should be judged not only by what it produced but also by the kinds of human relationships and personalities it created.

3.2 – Property, Privilege, and Inequality

Saint-Simon directed much of his criticism against hereditary privilege and people who lived from rent and inherited wealth without contributing to productive activity. In his industrial writings, he distinguished broadly between an “industrial class” and an “idle class.” His industrial class was not equivalent to Marx’s later proletariat. It was a heterogeneous category that could include workers, manufacturers, engineers, scientists, and others who contributed to production.³

Fourier and Owen also regarded existing forms of property and concentrated wealth as sources of social division and injustice, although they did not offer identical explanations or solutions. Nor did all early socialists demand the abolition of every form of private ownership. What they shared was the conviction that inherited privilege and concentrated control over productive resources could not be justified simply by appealing to individual liberty.

3.3 – Criticism of Political Liberalism

Owen’s argument implied that formal freedom meant little when people remained constrained by ignorance, poverty, poor working conditions, and the absence of education. He developed this argument in *A New View of Society* (1813–1814) and the *Report to the County of Lanark*, presented in 1820 and published in 1821. Owen believed that human character was formed to a considerable extent by its environment. Although this view gave insufficient attention to individual variation, it allowed him to argue that a society which left people in degrading conditions could not then hold them entirely responsible for behaviour shaped partly by those conditions.⁴

Fourier likewise questioned the adequacy of formal declarations of rights. He argued that existing constitutions had failed to recognise what he considered the most fundamental material rights, including the right to work and to a minimum standard of subsistence. His proposed reorganisation of work and communal life may therefore be

¹ Fourier (1808 [1996]).

² Fourier (1835-1836).

³ Saint-Simon (1825 [1975]), especially the selections from *L’Industrie*, *L’Organisateur*, and *Catéchisme des industriels*.

⁴ Owen (1821 [1991]).

read as an attempt to give social and economic substance to freedom. Owen and Fourier, in different ways, suggested that political rights alone could not overcome the constraints created by poverty, working conditions, and existing social institutions.¹

The alternatives proposed by Owen and Fourier frequently relied on cooperative communities.² These communities were intended not merely as new economic arrangements but as environments in which different forms of human character and social relationships could develop.

3.4 – Moral and Religious Dimensions

Many early socialist projects were expressed in explicitly moral, spiritual, or quasi-religious language. This was particularly evident in Saint-Simon's later writings, especially *Nouveau Christianisme* (1825),³ which recast Christianity around the moral imperative to improve the condition of the poorest members of society. In his broader social thought, Saint-Simon imagined society as a morally organised whole and assigned scientists, industrial leaders, and other productive groups a guiding role in collective life.

Owen placed greater emphasis on education, environment, and communal life. Fourier envisioned a natural harmony that could emerge if social organisation ceased to repress human passions and instead arranged them productively. Despite their considerable differences, these thinkers did not separate economic organisation from moral development. Their criticisms of liberalism and political economy were also demands for the moral reconstruction of society.

These early socialists helped establish several themes that would remain central to later socialism: the moral limitations of competition, the injustice associated with hereditary privilege and concentrated property, the insufficiency of purely formal liberty, and the need to reorganise social and economic life.

Marx would later retain much of the moral force of this criticism while rejecting the presentation of socialism as the application of timeless moral principles. He treated moral ideas as historically and socially conditioned and connected them to material

¹ Fourier explicitly argued that the constitutions of his time had failed to recognise the right to work and the right to a minimum standard of subsistence. The description of his project as giving social and economic substance to freedom is a retrospective interpretation rather than Fourier's own formulation. See Fourier (1808 [1996]) and Beecher and Bienvenu (1971).

² I do not regard cooperatives as a universal substitute for other forms of ownership and economic coordination. For related discussions, see "[Social Democratic Horizon: \(5\) Neoliberalism, Social Democracy, and the Unfinished Question of Ownership](#)." See also "[Excursus 138 — On the Population-Level Assessment of Ownership Forms](#)".

³ Saint-Simon (1825 [1975]).

relations and class conflict—a position that Engels subsequently expressed more explicitly in terms of class morality.¹

The early socialists' proposed communities and institutions were often incomplete, speculative, and dependent on expectations about human behaviour that had not been tested on the scale of a modern society. Marx would later criticise them for failing to provide a systematic explanation of historical development and the economic structure of society. Whatever we think of Marx's eventual solution, this criticism helps explain why he was determined to build a system rather than offer another collection of moral objections and desirable alternatives.

4 – The Liberal and Classical-Economic Responses

Liberalism and classical political economy did not arise simply as reactions to early socialism. Many of their central arguments had already been formulated before socialist movements became politically influential. Nevertheless, defenders of property, markets, and individual liberty could draw on these arguments when responding to socialist criticism.

From the perspective of political philosophy, liberals emphasised protection from arbitrary power, individual independence, private choice, property, and limitations on government. From the perspective of political economy, defenders of commercial society argued that production, exchange, competition, and the division of labour could coordinate human activity more effectively than deliberate collective direction.

Benjamin Constant's lecture *The Liberty of the Ancients Compared with That of the Moderns*, delivered in 1819, was not a direct reply to the cooperative programmes of Owen, Fourier, or Saint-Simon. Constant's immediate concern was the danger of attempting to impose upon a large modern commercial society the intensely participatory political life associated with ancient republics such as Sparta, Rome, and, with important qualifications, Athens. He distinguished the collective exercise of sovereignty associated with ancient liberty from modern liberty, which placed greater emphasis on protection from arbitrary authority, independence in private life, and freedom of individual choice.²

Viewed retrospectively, Constant's argument reveals an important tension between liberalism and some forms of socialism. A political project that demands extensive collective participation may enlarge people's power over their common life, but it may also consume the time and independence that modern individuals expect to retain for themselves. Constant's warning does not refute cooperative or social democratic projects, but it poses a question that they must answer: how can collective participation

¹ Engels (1878 [1976]).

² Constant (1819 [1988]).

be expanded without allowing public or collective authority to overwhelm private freedom?

Jean-Baptiste Say offered a different defence of commercial society. The proposition later called “Say’s Law” is often summarised as the claim that supply creates its own demand.¹ That formulation can be misleading if it is understood to mean that every product automatically finds a buyer or that general economic crises are impossible. Say’s more basic argument was that production generates the income and purchasing power through which other products can be demanded. Persistent problems were therefore more likely, in his account, to arise from imbalances between particular sectors than from a general deficiency of demand.

Say also did not defend commerce as nothing more than the unrestricted pursuit of profit. His political economy contained a republican and moral dimension.² Commerce required industriousness, moderation, knowledge, and forms of conduct compatible with civic life. Markets, in this account, could coexist with public morality and social stability rather than necessarily destroying them.

Adam Smith’s legacy was also used in arguments against socialist and cooperative experiments. Say presented his own political economy as a systematic continuation and development of Smith’s analysis. In Britain, critics of Owenite cooperation could appeal to Smith’s account of the division of labour and argue that self-interest, exchange, and competition were powerful sources of productivity.³ They warned that cooperative communities might instead produce dependency, inefficiency, or administrative coercion.

This does not mean that Smith himself wrote against nineteenth-century socialism, which developed after his death. Nor does it mean that Smith offered an uncomplicated defence of merchants, concentrated economic power, or every existing market arrangement. His ideas were selected, interpreted, and sometimes simplified by later defenders of commercial society. They became part of the intellectual armour used against socialist proposals.⁴

The liberal and classical-economic positions therefore offered serious answers to some of the problems identified by early socialists. They defended individual independence against excessive collective authority and decentralised exchange against the risks of central direction. But in my view, these arguments were often used too defensively. They

¹ Say (1803 [2001]).

² Whatmore (1998).

³ Claeys (1987).

⁴ Section 15 develops this reinterpretation of Smith’s “invisible hand” and the later idea of the “free market.” Its proposed statistical framework is presented in Appendix A4.

explained why property, markets, and individual liberty should not simply be abolished, but they did not adequately answer the early socialists' most important question: what happens when formally free individuals enter social and economic relationships with profoundly unequal resources and power?

The choice need not have been between leaving liberalism untouched and destroying it. Its institutions could also have been repaired. Individual rights could have been supplemented by organised social participation, and the market economy could have been subjected to democratic limits without being abolished. This possibility—making democracy more social and the economy more democratic—is the path that this essay will pursue.

5 – Other Socialist Currents

Marx's intellectual development can be divided, somewhat approximately, into several phases. During his early years, especially between 1841 and 1848, he was deeply involved in philosophical and political polemics. He argued against the Young Hegelians, the "true socialists," Proudhon, and others whom he regarded as theoretically confused or politically inadequate. *The German Ideology*, written in 1845–1846, and *The Poverty of Philosophy*, published in 1847, belong to this period of sharp intellectual confrontation.¹

After the failed revolutions of 1848, Marx did not abandon polemics. He continued to intervene forcefully in political disputes and organisational conflicts. Nevertheless, he increasingly devoted his time to concrete political analysis and, above all, to the systematic study of political economy. This long effort eventually produced the first volume of *Capital*, the only volume of that work that Marx completed and published himself.^{2 3}

¹ Marx & Engels (1845–1846 [1976]); Marx (1847 [1976]).

² Marx (1867 [1976]).

³ *Capital*, Volume I, was the only volume that Marx completed and published himself, although he continued to revise it and consider further changes. It combines theoretical abstraction with numerous calculations, ratios, factory reports, and official statistics. Volumes II and III were edited by Engels from manuscripts that Marx had left in different stages of completion. They are generally more schematic, although empirical and historical material does not disappear from them. In my reading, Engels's editorial work gave these unfinished manuscripts a more orderly and systematic form, and perhaps a greater appearance of theoretical closure, than Marx himself had imposed upon them. Michael Heinrich has likewise emphasised the unfinished character of Marx's economic project and the extent to which the later volumes were constructed editorially from incomplete manuscripts (Heinrich, 2012, 2013). What is sometimes called Volume IV, *Theories of Surplus Value*, has a different history: Kautsky assembled and edited it from Marx's manuscripts of 1861–1863 and published it in 1905–1910. It consists primarily of a critical history of economic theories. Marx's later mathematical manuscripts, including work on algebra and differential calculus, demonstrate his continuing interest in mathematics (Marx, 1983). Whether this represented a movement towards a more mathematical political economy remains an interpretive question rather than an established conclusion.

During the same period, many other writers criticised liberalism, industrial society, and classical political economy. Their criticisms did not constitute a single intellectual current. Conservative moral critics such as Thomas Carlyle and John Ruskin condemned the reduction of human life to profit and calculation. Christian social thinkers appealed to moral obligations, justice, solidarity, and the responsibility to protect vulnerable people. Proudhon and other mutualists rejected both unrestricted competition and centralised state socialism, proposing federations of cooperatives and systems of mutual credit. Anarchists opposed the concentration of political as well as economic power.

These currents differed greatly from one another. Some appealed to religion and moral regeneration, some to cooperation, and others to decentralised self-management. What they shared was a conviction that markets alone could not produce a just social order.

My impression is that Marx regarded most of these critics as fragmentary and unsystematic. They identified real suffering and proposed desirable communities or institutions, but, in his judgement, they did not explain how the existing social order had developed, what sustained it, or what forces could replace it. Their programmes therefore appeared to him as wishful constructions imposed upon society from the outside.

Marx wanted to do something different. Through a critical appropriation of Hegelian dialectic and Feuerbachian materialism, together with his study of political economy, he attempted to construct a comprehensive system. He did not want merely to describe injustice or repair isolated defects. He wanted to identify the internal movement of the existing order and explain how that movement could generate the conditions for another.

This ambition gave Marx's work a coherence and intellectual force that most of his competitors lacked. But it also encouraged him to fit the complexity of economic and social life within a single generative structure. The strength of Marx's system-building would become inseparable from its principal weakness.

6 – Marx's Socialism

Against this background, Marx developed a more systematic form of socialism than most earlier or contemporary socialists. Marx, and especially Engels, came to present their socialism as scientific in contrast to the socialism they called utopian.¹ Their claim was not merely that capitalism was unjust. They believed that they had identified the structure and direction of its historical development.

¹ Engels (1880 [1970]).

At the centre of Marx's analysis was a real and fundamental imbalance. A minority controlled productive assets, while a growing proportion of the population had to sell its capacity to work. Employment contracts appeared to involve an exchange between legally equal individuals, but the parties entered that exchange with profoundly unequal resources and power.

Marx's concept of surplus value was intended to explain how exploitation could occur through formally free exchange rather than only through robbery, fraud, or direct coercion. In his account, workers sold their labour power, but its use in production could create value exceeding the value of the labour power represented by their wages. Exploitation was therefore not merely an occasional abuse of an otherwise neutral arrangement. It was built into capitalist production.¹

This analysis distinguished Marx from many other socialists. Saint-Simon had condemned idle privilege; Owen had criticised the morality of competitive commerce; Fourier had attacked the fragmentation of work and human life. Marx attempted to connect these phenomena within a theory of production, class,² political power, and historical development.

Marx's achievement should not be underestimated. He constructed a conceptual system capable of organising an enormous range of historical observations and political experiences. That system could explain exploitation, give apparently separate injustices

¹ Marx (1867 [1976], particularly Parts 2–5).

² The word “class” is now used for several different and only partly overlapping concepts: position within relations of production, ownership of productive assets, income level, occupation, education, social status, lifestyle, and cultural affiliation. These dimensions may coincide, but they need not do so. The word is frequently abused by treating almost every occupational, demographic, or income category as a distinct class. University teachers, students, nurses, care workers, and retired people, for example, do not constitute separate classes merely because they belong to different occupational or demographic groups. Nor are the commonly used lower, middle, and upper income bands equivalent to Marxian classes.

Marx's central conception of class referred primarily to structural positions within a mode of production. His analysis of the capitalist mode of production was organised around the polarity between those who owned or controlled productive capital and those who depended principally on selling their labour power. Consequently, some people conventionally described as middle-class—and even some highly paid people described as upper-middle-class—may remain dependent upon selling their labour. Conversely, a person with a relatively modest income may own productive property and occupy a different structural position. Marx also recognised intermediate, transitional, and internally divided groups, but occupation, income, and lifestyle did not by themselves constitute separate Marxian classes. See Marx and Engels (1848 [1976]), Marx (1852 [1979]), and Marx (1867 [1976]).

The distinction that we may retrospectively identify in Machiavelli between the *grandi* and the *popolo* was different again: it concerned opposed social and political positions, ambitions, and dispositions, not merely differences in income. In this essay, therefore, “class” should not automatically be treated as a synonym for an occupational group, cultural group, or income category.

a common origin, identify a collective political actor, and appear to promise that the movement of history itself favoured emancipation.

The question is whether this coherence arose from the social world Marx examined or whether, at decisive points, it was produced by the dialectical framework through which he organised that world.

7 – Marx’s Competitors

While Marx was developing his system, other socialist thinkers proposed different paths. Ferdinand Lassalle argued that competition kept workers’ wages under severe pressure. He sought state assistance for workers’ productive associations and expected legislation and public credit to improve their position. From Marx’s perspective, Lassalle placed too much confidence in the existing state and did not confront the underlying system of production.¹

Proudhon opposed income derived from rent and interest and proposed decentralised arrangements based on mutual credit, exchange, and federations of producers. Despite his declaration that “property is theft,” he did not seek to abolish every form of possession or market exchange. He wanted to remove domination and parasitism from exchange. Marx regarded this attempt as theoretically inconsistent because it sought to retain exchange while eliminating the social relations that, in his view, necessarily developed from it.²

Bakunin and other anarchist collectivists treated both the capitalist economy and the centralised state as forms of domination. They envisaged decentralised federations in which workers and communities would manage their own affairs. Marx believed that their hostility to centralised political authority and to the use of state power left them unable to explain adequately how production and collective action could be coordinated on a large scale.³

These were not trivial disagreements. Lassalle, Proudhon, and Bakunin identified genuine problems concerning the state, centralisation, bureaucracy, and individual autonomy—problems that later Marxist governments did not solve. Nevertheless, their proposals did not form systems comparable in scope to Marx’s political economy and theory of history.

I therefore understand why Marx may have regarded them as haphazard critics: people who identified fragments of the problem but did not connect those fragments within a

¹ Lassalle (1863 [1901]); Marx (1875 [1989]).

² Proudhon (1840 [1994]); Marx (1847 [1976]).

³ Bakunin (1873 [1990]); Marx (1874–1875 [1989]).

coherent explanation. From his standpoint, they remained partly trapped within the order they criticised. Lassalle attempted to use its state, Proudhon to repair its exchange relations, and Bakunin to replace its centralised institutions with federations organised from below.

This is also where my own path separates from Marx's. Marx regarded attempts merely to mend the existing order as an insufficient path to emancipation because he believed that its underlying relations and contradictions would ultimately have to be overcome. I begin from another possibility. What if liberal democracy contained institutions that could have worked better but remained socially incomplete? What if the task was not to break liberal democracy but to repair it by making democracy more social and the economy more democratic?

Marx's competitors did not provide a complete answer to these questions. But the fact that their proposed alternatives were incomplete does not prove that Marx's system was correct.

8 – The Dominance of Marxism

The later predominance of Marxism was not due solely to the theoretical content of Marx's work. Its systematic form was undoubtedly important. It gave socialists a connected account of economic exploitation, class formation, political conflict, and historical change. It also appeared to identify an organised social force—the industrial working class—capable of carrying that change forward.

Organisational and political developments were equally important. German Social Democracy adopted much of Marxism's language and historical framework, even when its practical politics became increasingly parliamentary and reformist. Karl Kautsky's influential interpretations helped transform a complex and unfinished body of work into a more codified doctrine, which spread through the Second International.¹

The expansion of industrial production and the growth of a mass industrial working class gave Marx's class-centred analysis an immediate social plausibility. After 1917, the Russian Revolution, carried out in Marx's name, further increased the international authority of Marxism. An intellectual framework had become associated with parties, trade unions, states, revolutions, educational institutions, and a global political movement.²

Marxism did not become influential because every alternative had been refuted. It acquired institutional power. Its terminology became the shared language through which many socialists described capitalism, class, exploitation, history, and emancipation. Rival

¹ Kautsky (1892 [1971]); Sassoon (1996).

² Sassoon (1996).

traditions survived—in anarchist movements, cooperatives, trade unions, religious socialism, and other forms—but few possessed a comparable combination of systematic theory, political organisation, and international prestige.

The histories of later social democratic parties were not identical. The German and Austrian parties had strong and explicit relationships with Marxist theory. Swedish Social Democracy was influenced by Marxism but also developed through pragmatic trade-union organisation, popular movements, reformist politics, and religious socialism. The British Labour Party arose more directly from trade unions, ethical socialism, Nonconformist Christianity, and the Fabian tradition than from doctrinal Marxism. French socialism contained several competing traditions before and after its organisational unification.

It would therefore be misleading to say that every major social democratic party descended almost exclusively from Marxism. Nevertheless, Marxism exerted a powerful gravitational force. Even parties and thinkers who rejected revolution often continued to organise their understanding of society around Marxian questions and concepts.

I shall use the expression “Marx’s gravitational field” for this continuing influence. A thinker need not accept Marx’s conclusions to remain within that field. If exploitation, class, capital, labour, ownership, historical movement, and emancipation continue to be defined mainly through problems formulated by Marx, then Marx may still determine the intellectual terrain on which the criticism of Marx takes place.

In my view, this gravitational force has made it difficult for much of the left to respond to anomalies in the Marxian framework. Many thinkers have discovered problems that Marx did not adequately explain, but they have revised individual conclusions without proposing another paradigm capable of reorganising the field as a whole.

9 – A Methodological Criticism of Marx and Marxism

Marx distinguished himself from many socialist critics by moving from visible suffering—poverty, unemployment, inequality, and degrading work—to what he regarded as the underlying relations that produced it.¹ This movement from appearances to an underlying structure was one of the great strengths of his analysis.

The problem, in my view, began when Marx assigned adversarial contradiction a privileged generative role in his general account of historical movement. He identified the relationship between capital and labour not merely as unequal and conflictual, but as a contradiction whose internal development would transform the social order.

¹ The movement from “visible suffering” to “underlying relations” is considered from several perspectives in **Appendix A1, “From Essence to History.”**

Contradiction is certainly one manifestation of change. Opposition, conflict, and negation are also real. But none of them is identical with change itself. Change can occur through reciprocity, cooperation, adaptation, differentiation, integration, feedback, cumulative modification, displacement, or the interaction of several processes that are not internally contradictory. A relationship does not have to be contradictory in order to move or change. Nor must every form of movement culminate in the destruction or transcendence of one of its terms. By giving the adversarial manifestation of change this privileged position, Marx's general system restricted the range of processes it could recognise as historically generative.

Marx famously described his dialectical method as the direct opposite of Hegel's and suggested that Hegel's dialectic had to be turned right side up in order to discover its rational kernel. But the transformation of a philosophical mode of reasoning into an explanation of economic and historical movement requires independent justification. The existence of contradiction within an interpretation does not demonstrate that contradiction generates the material process being interpreted.¹

This is the methodological weakness at the centre of Marx's system. Whatever the precise relationship between thought and reality in Hegel, Marx extended a generative or ontological interpretation of dialectic into material and social life without providing adequate empirical grounds for treating it as a general law of change.

Hegel used physical examples—including the phase transition of water—to support the proposition that accumulated quantitative change eventually produces qualitative transformation. Marx did not reject this principle. In *Capital*, he explicitly referred to "the law discovered by Hegel" that quantitative differences beyond a certain point pass into qualitative changes and applied it to the minimum scale at which money can function as capital. Engels later systematised and extended this mode of reasoning through additional examples drawn from chemistry and physics.

In the second of my essays on dialectic, I examined several of these examples in greater detail. The phenomena themselves are real, but their scientific explanations do not require an internal contradiction or a universal passage from quantity to quality. The phase transition of water depends upon temperature, pressure, molecular interaction, and probabilistic processes; incandescence involves continuous changes in the distribution of emitted radiation. Dialectical terminology retrospectively describes selected appearances of these transformations but neither identifies their particular mechanisms nor predicts their occurrence.

The problem therefore does not begin only with Engels's extension of dialectic to nature. Hegel had already used natural phenomena to support an ontological interpretation of dialectical movement, and Marx explicitly accepted and transferred at least part of that

¹ Marx (1873 [1976]).

principle into his economic analysis. Engels broadened and systematised a movement that had already begun.

The example of water presents an additional difficulty. In the familiar experiment, the transformation is produced by energy supplied from outside the water, while the temperature at which it occurs also depends upon external pressure. Where, then, is the alleged immanence? The molecular organisation of water determines its response to these conditions, but an internal susceptibility to change is not the same as an internal contradiction generating that change. Hegel, Marx, and Engels appear to have taken the conspicuous rupture between liquid and vapour as confirmation of a dialectical principle without first specifying the physical mechanism, the system boundary, or the location of the supposed contradiction.

What appeared to them as a qualitative leap was a macroscopic description awaiting a thermodynamic and statistical-mechanical explanation. The dialectical label named the appearance of rupture; it did not explain its production.

Within Marx's system, five major components are closely connected to this methodological choice: his theory of value, his treatment of scientific and technological innovation, his account of class structure, his conception of historical development, and his vision of emancipation. If the generative role assigned to contradiction is not justified, these five components lose their appearance of historical necessity. They must then be treated as historically situated hypotheses, each open to empirical investigation and revision.

9.1 – Surplus Value

Within Marx's system, the contradiction between capital and labour gives the production and appropriation of surplus value a central explanatory position. Exploitation is thereby understood not as an accidental abuse but as an outcome of the fundamental relationship organising capitalist production.

The existence of this contradiction, however, cannot by itself establish Marx's theory of surplus value. That theory depends upon his particular analysis of labour power, production, working time, wages, ownership, and the labour theory of value. Later theories of price formation and economic organisation have emphasised many additional factors: scarcity, information, institutions, expectations, technological knowledge, market power, and control over assets.

This does not make Marx's account of exploitation meaningless. It means that contradiction cannot guarantee the validity of the particular theory constructed around it, and that the labour theory of value can no longer be assumed to provide the single key to explaining prices, production, and distribution.

9.2 – Scientific and Technological Innovation

Within Marx's explanatory system, scientific and technological innovation acquired much of its historical significance through the accumulation of capital and the contradiction between capital and labour. Machinery could increase productivity, produce relative surplus value, alter the demand for labour, and intensify capital's control over production. Science and technology consequently entered the system principally through their incorporation into the movement of capital.

Marx devoted considerable attention to machinery, technological change, and scientific knowledge. In the *Grundrisse*, he even described general social knowledge as becoming a direct force of production. The question is therefore not whether Marx recognised science and technology. He plainly did. The question is whether he gave them sufficient explanatory independence within his account of economic and social change.

Scientific and technological innovation may also develop as partially autonomous and cumulative processes. Discoveries can arise from universities, public institutions, military research, professional communities, independent investigation, or problems internal to a scientific discipline. Their consequences may subsequently reorganise production, occupations, education, administration, communication, and political power in directions that were neither initiated nor adequately explained by the capital–labour relationship.

The distinction is one of explanatory weight. Recognising that science exists, or describing how capital appropriates its results, is not the same as giving scientific and technological innovation an adequate position among the processes that transform society. In my view, Marx incorporated science into his analysis without allowing it sufficient independence as a source of historical change. This is not a claim that he ignored science. It is a claim about the position science occupied within his explanatory system.¹

9.3 – Class

Within Marx's general system, the contradiction between capital and labour gave decisive historical importance to the polarity between the owners of capital and those who depended upon selling their labour power. This central structure gave his theory clarity and political force and identified the industrial working class as the principal collective agent of transformation.

Marx's class analysis, however, was not invariably binary. The unfinished final chapter of *Capital*, Volume III, named wage labourers, capitalists, and landowners as the three great classes of modern society, while his concrete historical writings recognised a still more differentiated landscape: different fractions of the bourgeoisie, peasants, the petty bourgeoisie, state officials, intellectuals, and other groups.

¹ Marx (1857–1858 [1973]), especially the “Fragment on Machines.” The distinction made here is between the presence of an idea in an author's writings and the explanatory position assigned to it within a theoretical structure. See also [“Excursus 130—On Eponymous Schools of Thought.”](#)

The problem is therefore not that Marx was incapable of seeing additional or intermediate groups. It is that the generative structure of his system subordinated much of this social diversity to the historically decisive contradiction between capital and labour.¹ Modern societies have become increasingly difficult to organise within that polarity. Education, occupation, professional authority, bureaucracy, knowledge, organisational position, gender, ethnicity, and control over information can shape social power alongside ownership.

9.4 – Historical Development

Once contradiction is treated as the motor of history, rupture can appear necessary. Accumulating tensions are expected eventually to produce qualitative transformation. But historical societies also change through gradual adjustment, institutional learning, demographic transformation, migration, technological innovation, ecological pressure, war, cultural exchange, cooperation, and external shocks.

None of these excludes conflict. The point is that conflict is one process among several, not the universal form through which history must advance.

9.5 – Emancipation

Within Marx's system, emancipation was connected to overcoming the alienation and exploitation generated by capitalist social relations. Because the relationship between capital and labour occupied the position of a fundamental contradiction, emancipation ultimately required overcoming the social order organised around that contradiction. Within later Marxist traditions, this was often tied to revolutionary rupture and the abolition of private ownership of the means of production.²

Another conception is possible. Emancipation may be approached as an unfinished process of enlarging people's effective ability to participate in the decisions that shape their lives. It may require redistribution and changes in ownership, but it also requires democratic institutions, access to knowledge, organisational rights, and participation in management.

Once contradiction is no longer treated as the necessary generator of transformation, emancipation need not wait for the old order to break. It can also proceed through repair, experimentation, evaluation, and cumulative institutional change.

¹ Marx (1894 [1991], Chapter 52).

² Marx used the expression "means of production" (*Produktionsmittel*) for productive assets such as land, buildings, machinery, tools, and raw materials. "Means of mass production" is a later and narrower expression and should not be substituted for Marx's terminology. Marx also distinguished between tools controlled by workers and systems of machinery that increasingly organised and subordinated their activity (Marx, 1867 [1976]). His early discussion of alienation connected estranged labour to the worker's separation from the product and activity of labour (Marx, 1844 [1975]). The further claim that exclusion from knowledge and decision-making is a decisive source of alienation is my reconstruction, not a proposition attributed directly to Marx.

These observations do not constitute detailed refutations of every part of Marx's work. That is not their purpose. Their purpose is to remove the presumption that the five components form a necessary sequence guaranteed by dialectical movement. Once that presumption is removed, Marx's insights can be examined individually, retained where useful, modified where inadequate, and abandoned where they no longer correspond to experience.

Toward the end of his life, Marx continued studying mathematics, including algebra and differential calculus. I interpret this interest polemically and cautiously. It may suggest that Marx recognised the need for forms of reasoning different from philosophical and textual argument. The surviving manuscripts cannot prove his motive, nor do they demonstrate that he abandoned dialectic.

What strikes me more is what happened after Marx. Much of the work produced by people who continued to rely on him remained centred on texts: on the interpretation of Marx's concepts, manuscripts, and correct meanings. Far fewer followed the possible path toward empirical, mathematical, and statistical examination of the propositions inherited from his system. Marx attempted, however incompletely, to calculate. Too many Marxists remained content to interpret.¹

10 – Marx's Humanism

Marx's early writings show that his concern extended beyond exploitation in the narrow economic sense. He examined the alienation of workers from the products they created, from the activity of production, from other people, and from their own human capacities.²

Marx connected this alienation to private property, wage labour, and the organisation of capitalist production. But, in my view, the abolition of private ownership does not follow as the only possible solution. Ownership and management are related, but they are not identical. Owners do not always manage, and managers do not always own. Transferring formal ownership to the state or another collective body does not by itself give workers knowledge of or influence over the production process.

Here I depart from Marx and offer my own reconstruction. Alienation may arise when people are excluded from the knowledge, planning, and decisions that organise their work. Workers may remain formal non-owners while gaining meaningful participation in management. Conversely, they may become nominal collective owners while remaining subject to an administrative hierarchy they neither understand nor control.

¹ Marx (1983).

² Marx (1844 [1975]).

The distinction between an independent craftsperson and a factory worker helps illustrate the point, but it should not be made absolute. A craftsperson can also experience alienation, economic dependence, and loss of meaning. Nevertheless, a craftsperson who controls the tools, understands the complete process, and sees the connection between activity and product occupies a different position from a worker whose task has been fragmented and subordinated to machinery and decisions made elsewhere.

A highly paid worker can therefore remain alienated. Low remuneration may intensify exploitation and insecurity, but remuneration alone does not determine the worker's relationship to the activity. My claim is that ignorance of the process—not merely the level of remuneration—is a decisive factor. This is my formulation, not Marx's.

In contemporary knowledge-intensive and platform-based production, the distinction between ownership and control becomes even more important. Decisions about data, algorithms, design, scheduling, evaluation, and access to information may shape people's working lives more directly than the legal title to a physical asset.

The challenge is therefore not only to redistribute ownership but to democratise management. Workers and other affected groups should acquire knowledge of the processes that govern their activity and effective means of participating in planning and decision-making.

This interpretation brings Marx's humanist concern into a social democratic project without requiring the revolutionary rupture associated with much of Marxism. Human dignity depends partly on the ability to understand, influence, and participate in the activities through which people reproduce their individual and collective lives.

The same principle connects economic and political democracy. If citizens are formally equal but largely excluded from effective decision-making, political life can become alienating in much the same way as fragmented work. Rebuilding social democracy therefore requires both movements at once: making democracy more social and making the economy more democratic.

11 – The Rise of Social Democracy

To understand what social democracy has become—and what it might become again—we must return to the period in which it emerged as a distinct political project. Its rise should not be understood merely as a retreat from revolutionary socialism. It also involved the development of another conception of socialism: one in which equality and freedom were to be pursued through democracy rather than postponed until after a revolutionary rupture.

Social democracy emerged gradually from debates within the European labour and socialist movements. Within German Social Democracy, Karl Kautsky helped systematise Marxism into an influential orthodoxy centred on historical development and class struggle. Eduard Bernstein challenged this orthodoxy. In *The Preconditions of Socialism*—published in its earlier English translation as *Evolutionary Socialism*—Bernstein argued that capitalism had shown a capacity for adaptation that Marxists had underestimated and that socialism should proceed through democratic reform, trade-union organisation, legislation, and institutional change.¹

In my view, this was more than a tactical revision. It was a moral redefinition of socialism. Democracy was no longer merely an instrument to be used on the way to socialism; it became part of socialism's meaning. Equality and freedom had to be pursued together, and neither could safely be postponed until the other had been achieved.

Bernstein was not the sole origin of this transformation. Social democratic parties developed through different combinations of Marxist theory, trade-union organisation, ethical socialism, religious movements, cooperatives, municipal politics, and practical experience. Thinkers such as Otto Bauer and Rudolf Hilferding contributed to debates about democratic strategy, organised capitalism, socialisation, and the state, but they should not be treated as simple continuations of Bernstein's revision of Marxism.²

During the interwar and postwar periods, Keynesian economics provided social democratic governments with important instruments. Keynes did not design social democracy, nor was he a socialist in the party-political sense. His analysis nevertheless helped show why governments might have to intervene when private demand and investment were insufficient to maintain employment.³ Fiscal and monetary policy, public investment, and other forms of demand management could be used to stabilise a market economy, while social insurance and public services provided economic security without abolishing markets or private ownership.

This economic reasoning supported a political project that sought to preserve a market economy based largely on private ownership while regulating it, limiting concentrations of economic power, and gradually making its institutions more democratic. After 1945, different versions of this project developed across Western Europe.

In Sweden, important foundations had been laid before the war. Under Per Albin Hansson and later Tage Erlander, Social Democratic governments expanded social

¹ Bernstein (1899 [1993]); Kautsky (1892 [1971]).

² Sassoon (1996).

³ Keynes challenged the assumption that a market economy would necessarily return by itself to full employment. He argued that insufficient effective demand and weak investment could sustain unemployment, thereby providing an important theoretical justification for public intervention (Keynes, 1936).

insurance, housing, education, healthcare, and other institutions associated with the *Folkhemmet*. Collective bargaining developed principally through negotiations between organised employers and trade unions, especially after the Saltsjöbaden Agreement of 1938. During Erlander's premiership, the government also implemented an increasingly extensive active labour-market policy influenced by the Rehn–Meidner model developed within LO. Olof Palme inherited and further developed this tradition, giving it a more explicit language of equality, international solidarity, and democratic participation.¹

In Britain, Clement Attlee's Labour government of 1945–1951 established the National Health Service, expanded social protection, and nationalised several important industries. These reforms drew partly upon the Beveridge Report² and partly upon Labour's own trade-union, ethical-socialist, and Fabian inheritance.³

West Germany followed a different path. Its social-insurance institutions had roots extending back through the Bismarckian and Weimar periods, while much of the specifically postwar social-market settlement was reconstructed and consolidated under the Christian Democratic governments of Konrad Adenauer and Ludwig Erhard. The German Social Democratic Party (SPD) did not lead the federal government until 1969. Its Godesberg Programme⁴ of 1959 moved decisively away from the party's earlier Marxist orthodoxy, accepted private ownership and markets within a framework of public responsibility, and helped transform the SPD from a traditional class party into a broader people's party.⁵

Willy Brandt therefore did not create the West German welfare state. His governments expanded and reformed an existing settlement. Brandt's years of exile in Norway and Sweden also brought him into direct contact with Scandinavian political life and Nordic social democracy. This makes it reasonable to look for Swedish or broader Nordic influences upon his political outlook, although particular reforms should not be attributed to Sweden without more specific evidence.⁶

¹ Tilton (1990).

² The Beveridge Report—officially *Social Insurance and Allied Services*—was presented to Parliament in 1942. It proposed a comprehensive system of social insurance and strongly influenced the construction of Britain's postwar welfare state (Beveridge, 1942).

³ Beveridge (1942); Morgan (2001).

⁴ The Godesberg Programme, adopted by the SPD in 1959, replaced its earlier programme and reformulated the party's principles for a democratic and pluralist society. It moved away from orthodox Marxist language, accepted a mixed market economy and private ownership subject to public responsibility, and sought support beyond the industrial working class.

⁵ Social Democratic Party of Germany (1959); Sassoon (1996).

⁶ Federal Chancellor Willy Brandt Foundation (n.d.).

These national histories were not identical, but they shared an important orientation. Private ownership and market exchange were accepted, yet they were embedded, in different combinations, within systems of collective bargaining, progressive taxation, public services, social insurance, and democratic regulation. Political equality at the ballot box was supplemented, to varying degrees, by social rights and public provision in education, healthcare, income security, housing, and working life.

For several postwar decades, these arrangements accompanied—and in important respects contributed to—economic growth, high employment, expanding welfare provision, and declining inequality. They also gave institutional form to a moral idea: freedom was not merely protection from government. It required material and social conditions that enabled ordinary people to use their legal freedoms.

The success of postwar social democracy did not prove that every part of its model was permanent. Much of it had developed within the social and economic structure of industrial society: expanding production, relatively strong national economies, organised employers, powerful trade unions, and a large industrial working class. When these conditions began to change, the institutions constructed around them did not change rapidly enough.¹

12 – The Decline of Social Democracy

The decline of social democracy from the 1970s onward has received many explanations. One important group of explanations emphasises external shocks and global disruption: the collapse of the Bretton Woods system,² the oil-price shocks, stagflation, financial instability, and the liberalisation of international capital movements.

These events certainly mattered. Governments confronted combinations of inflation, unemployment, slowing growth, and fiscal pressure that could not be managed easily with the familiar postwar instruments. Stagflation undermined the belief that governments could rely upon a stable and politically exploitable trade-off between inflation and unemployment. The Phillips curve³ did not simply disappear, but its simplest interpretation could no longer provide a reliable guide to policy.

¹ Sassoon (1996).

² The Bretton Woods system, established in 1944, created a postwar monetary order based on fixed but adjustable exchange rates. Participating currencies were maintained at fixed but adjustable parities, generally expressed against the US dollar, while foreign official monetary authorities could convert dollars into gold at a fixed rate. The system also created the institutional foundations of the International Monetary Fund and the World Bank (Eichengreen, 2008).

³ The Phillips curve originally described an observed inverse relationship between unemployment and the rate of change of money wages in Britain. Later versions applied the relationship to unemployment and price inflation. It is neither fixed nor universal: expectations, institutions, supply shocks, and policy can alter the observed relationship (Friedman, 1968; Phillips, 1958).

Social democratic parties initially responded with familiar instruments such as demand management, incomes policies, and negotiated wage restraint. As these proved insufficient, many also adopted fiscal restraint, monetary discipline, and elements of market liberalisation. These changes did not follow a single pattern. In Scandinavia, coordinated bargaining and active labour-market policies often survived alongside the newer policies. By the 1980s, however, Thatcher and Reagan had helped alter the political vocabulary. Privatisation, especially in Britain, deregulation, lower taxation, and restrictions upon organised labour were increasingly presented not merely as policies but as expressions of personal freedom.

External shocks are only part of the story.¹ Other explanations emphasise deindustrialisation, occupational change, declining trade-union membership, the increasing employment of women, changing household structures, capital mobility, electoral realignment, party strategy, and ideological and organisational exhaustion. These processes did not all begin in the 1970s, and they did not operate in the same way in every country.

My emphasis is on two long-term processes: the transformation of production through automation and the geographical relocation of production through globalisation. These processes gradually changed the composition of wage and salary earners and weakened the social foundations upon which the older social democratic parties had been built.

Automation reduced the relative demand for many routine industrial and administrative tasks. At the same time, employment expanded in specialised technical and professional occupations and in many services, including lower-paid personal and care services. The transformation was therefore not simply a movement towards more highly educated employment. Industrial workers did not disappear, and manufacturing did not cease to be economically important. But industrial workers could no longer constitute, on their own, the broad social base of a major social democratic party.²

At the same time, decolonisation, the expansion of education in developing countries, improvements in transport and communication, containerisation, multinational production, trade liberalisation, and large international wage differences made it increasingly possible to move production across national borders. These developments created opportunities for economic growth in some poorer countries, but they also

¹ The distinction drawn here between internal and external explanations is methodological. By an internal explanation I mean one that derives change principally from relationships or contradictions within the system being examined. An external explanation allows technological innovation, political institutions, environmental conditions, war, geopolitics, or other processes to exercise partially independent causal effects. Marx's own historical writings frequently attended to contingent circumstances. My criticism concerns the explanatory priority that his general system gave to internally developing contradictions, not a claim that Marx ignored every external event.

² Autor (2019).

enabled companies to weaken the bargaining position of workers by relocating production or threatening to do so.¹

The social democratic parties therefore faced a double challenge. They had to protect workers whose occupations were threatened by automation and relocation, while also integrating a growing population of technicians, teachers, healthcare employees, administrators, researchers, service workers, and other wage and salary earners into a renewed egalitarian coalition.

Social democratic parties already drew support from many of these groups. Why, then, did they not redefine their organisation and public identity more decisively around the changing composition of wage and salary earners? Why did the industrial working class remain so central to their inherited imagery when working life had become much more diverse?

Policies such as shorter working hours could have provided a common material interest across occupational boundaries. A reduction from forty hours to perhaps thirty-two or thirty-five hours, or a four-day working week, might have connected industrial workers, public employees, service workers, and highly educated professionals. Such initiatives were not absent: France's statutory thirty-five-hour working week was introduced through the Aubry laws of June 1998 and January 2000, under Lionel Jospin's Socialist-led government.² We cannot know whether a broader programme would have reversed the political decline of social democracy. But why did shorter working hours not become a more sustained, internationally shared project of social democratic renewal, comparable in ambition to the earlier struggle for the eight-hour day?

International solidarity should also have acquired a more concrete economic meaning. Improving wages, organisational rights, employment security, and working conditions in developing countries would have benefited workers there while reducing the incentive to relocate production solely in search of lower labour costs. Why did their internationalist commitments not translate into a stronger and more sustained response to these pressures?

Environmental damage also became increasingly uneven in its geographical distribution. As environmental awareness and regulation grew in many Western countries, pollution-intensive production and resource extraction increasingly took place in developing countries, where governments often faced stronger pressures to prioritise industrialisation, employment, and export income and possessed fewer regulatory resources. Environmental concern did not carry over through international production chains as readily as capital and manufacturing did. Consequently, part of the apparent environmental improvement in richer countries represented not the elimination of

¹ Baldwin (2016).

² See Eurofound (2000), "[Law on the 35-hour week is in force](#)".

environmental costs but their displacement elsewhere. These costs included not only greenhouse-gas emissions but also water pollution, chemical contamination, and damage associated with mining and industrial waste.¹

What might have happened if social-democratic parties and trade unions had paid greater attention to the exploitation of workers and the environmental consequences of production outside their own countries? Stronger international labour standards, environmental requirements, and responsibility for conditions throughout corporate supply chains could have increased the cost of production abroad, improved at least some foreign wages and working conditions, reduced the effective cost difference between domestic and relocated production, and perhaps slowed the movement of production from richer to poorer countries. Social democracy, however, remained organised primarily within the nation-state. Although international initiatives existed, my judgement is that they never acquired sufficient reach and enforcement to extend its social and environmental settlement across global production chains.

12.1 – Ownership, Compromise, and Taxation

Three examples illustrate the strategic difficulties discussed here. They are introduced only briefly because their historical details and wider implications are examined in two accompanying essays.²

12.1.1 – Saltsjöbaden and the Wage-Earner Funds

The Swedish experience illustrates both the strength of the older social-democratic settlement and the difficulty of adapting it. The 1938 Saltsjöbaden Agreement between LO and SAF came to symbolise a labour market governed largely through negotiation between organised workers and employers. Meidner's wage-earner-fund proposal moved beyond working conditions towards the gradual transfer of company ownership to collectively controlled funds. LO endorsed a version of the proposal in 1976, while SAP responded cautiously and substantially altered it. The limited regional funds enacted in 1983 retained collective share ownership but departed substantially from Meidner's original cumulative scheme and were abolished with effect from the beginning of 1992. Although the proposal did not formally violate the Saltsjöbaden Agreement, SAF portrayed it as a breach of the broader settlement and mobilised strongly against it. Why did SAP proceed with a diluted arrangement that satisfied neither Meidner's supporters nor his opponents? More fundamentally, why was so much attention given to transferring ownership and comparatively little to how wage earners would exercise effective control? The episode suggests that socialising ownership without democratising management is insufficient.

¹ Peters et al. (2011) document the international displacement of CO₂ emissions through trade. This is one example of the broader environmental displacement discussed here; their study does not examine the other forms of pollution and environmental damage mentioned in this paragraph.

² See "[Social Democratic Horizon \(5\) Neoliberalism, Social Democracy, and the Unfinished Question of Ownership](#)" and "[Social Democratic Horizon \(6\) Meidner Funds, SAP, Palme, and Feldt](#)".

12.1.2 – Thatcher and the Politics of Ownership

Thatcher's governments used privatisation not only to transfer public assets into private hands but also to encourage people to identify themselves as homeowners, shareholders, and individual investors. Her expressed hope that shareholders would soon outnumber trade unionists captured an important part of her political message,¹ although the frequently attributed claim that new shareholders would never again vote Labour should not be presented as a verified quotation.

In my interpretation, privatisation was also a politics of identity: wage earners who acquired shares, purchased their council homes, or accumulated private savings might increasingly view taxation, public ownership, and socialist policies as threats to their personal property, even while remaining dependent on wages. Why did social-democratic parties allow the political right to gain such an advantage in the language of ownership? Why did they not make their own proposals for personal, cooperative, municipal, and collective ownership more politically compelling, combining aspiration with solidarity and democratic control?

12.1.3 – The Swedish Earned-Income Tax Credit

Sweden's *jobbskatteavdrag*, introduced by the Moderate-led government in 2007, reduced taxation on employment income and was intended partly to increase the financial advantage of employment over non-employment. The employment effects of the original reform have been difficult to identify convincingly: its broad introduction left researchers without a satisfactory untreated comparison group through which to distinguish those effects from other economic changes. This does not establish that its employment effect was zero.

More certain is that the deduction reduced tax liabilities for employed people and became politically difficult to reverse. Social Democratic governments between 2014 and 2022 left its basic structure largely intact, and subsequent governments expanded it further. Why did the Social Democrats preserve a reform designed partly to redefine the relationship between employment, taxation, and welfare? Was this pragmatic acceptance, electoral caution, or evidence that the party had begun operating within a framework established by the political right?

12.2 – Shocks, Processes, and Apparent Ruptures

The distinction between shocks and underlying processes can be illuminated by transferring a principle from one branch of systematic knowledge to another.

Charles Lyell's geology taught readers, including Darwin, to take the cumulative effects of gradual processes seriously.² Darwin carried this orientation into his thinking about

¹ Thatcher (1987).

² Lyell (1830–1833).

biological change, emphasising the accumulation of small differences over long periods rather than relying primarily upon sudden transformations.¹ This does not mean that Darwin formulated the modern argument presented here or denied the importance of every abrupt event. The comparison is heuristic: conspicuous events may attract attention while slower processes do more to determine the long-term direction of change.

Quantitative genetics provides another useful analogy. A condition that appears as a sharp distinction—affected or unaffected, healthy or ill—may arise from an underlying continuous distribution. Once a threshold is crossed, accumulated differences become visible as an apparently sudden change.

In the same way, the oil shocks and fiscal crises of the 1970s should not be treated as the sole causes of social democracy's decline. They interacted with longer-term transformations, some already under way and others becoming more pronounced thereafter: automation, occupational differentiation, globalised production, capital mobility, and, in many countries, the weakening of trade-union organisation.² Together, these changes exposed the declining adequacy of political institutions built around industrial society.

Shocks and processes interacted. External shocks accelerated underlying processes, while accumulated vulnerabilities magnified the effects of the shocks. My argument is that social democratic parties concentrated too heavily on managing the visible crises and responded too slowly to the deeper reorganisation of production and working life. Their difficulty was therefore not simply that economic growth slowed or that neoliberal opponents became stronger. Their institutions, organisations, and political language remained too closely attached to a social world that no longer organised working life as it once had.

Rebuilding social democracy cannot mean recreating the postwar settlement exactly as it was. It requires institutions capable of sustaining equality, participation, and collective responsibility within a more heterogeneous, transnational, automated, and knowledge-intensive economy.

13 – Beginning to Rebuild Social Democracy

The preceding sections have described the rise of social democracy, the conditions that made its achievements possible, and the processes that gradually weakened its social

¹ Darwin (1859).

² During the 1970s, an influential discourse portrayed organised demands—including those advanced by trade unions—as overloading democratic governments and weakening their capacity to govern. *The Crisis of Democracy* was a prominent expression of this argument (Crozier et al., 1975). Citing it here documents the contemporary diagnosis; it does not imply my acceptance of that diagnosis.

foundations. Its decline was not a sudden collapse. It was a cumulative erosion of its social base, institutional capacity, political language, and willingness to challenge the distribution of power.

The older model cannot simply be restored. It was constructed largely for nationally organised industrial economies, strong trade unions, expanding production, and a workforce in which industrial workers occupied a central position. Levels of formal education were also considerably lower. Political and economic organisations often concentrated information and decision-making in the hands of leaders and specialists, although labour movements also developed strong traditions of active membership and collective self-education.

A social democracy for the twenty-first century must function within societies that are more highly educated, globalised, automated, occupationally diverse, digitally organised, and ecologically constrained. Many citizens now expect not only economic security and political representation but also access to information and meaningful participation in decisions affecting their working and everyday lives.

Nevertheless, social democracy left behind an important experience. It demonstrated that economic growth, political democracy, social welfare, and a meaningful degree of equality need not be mutually exclusive. The task is not to reproduce the postwar settlement exactly as it was, but to recover its most valuable principles under different historical conditions.

Several existing political currents can contribute to this reconstruction.

13.1 – Democratic Socialism

People who describe themselves as democratic socialists have continued to insist that democracy should not stop at the boundary of the economy. They do not necessarily reject parliamentary democracy, individual rights, markets, or every form of private ownership. Their central question concerns power: Who owns? Who decides? Who benefits? And what forms of ownership and participation can prevent economic power from becoming politically dominant?

The answers given by Eduard Bernstein, Anthony Crosland, Michael Harrington, Olof Palme, Bernie Sanders, Jeremy Corbyn, and others are far from identical. They should not be treated as representatives of one continuous doctrine. What I draw from these different figures is a shared concern with bringing economic power under democratic influence, although their proposed institutions and the extent of that influence differ considerably.

This current preserves a question that mainstream social democratic parties have increasingly avoided: if economic power strongly shapes people's lives, why should democracy not extend into economic institutions?

13.2 – Radical Democracy

Another contribution comes from thinkers and movements associated with radical democracy. Their primary concern is not necessarily ownership but participation, recognition, conflict, and the plurality of social voices. They criticise political systems in which professional politicians and administrators manage society while citizens are periodically invited to choose between competing teams of managers.

Radical democrats have drawn attention to political demands emerging from feminist, ecological, anti-racist, postcolonial, and other social movements. Such movements cannot always be organised adequately through the traditional opposition between labour and capital. They express experiences and identities that may cross economic classes and established party boundaries.

Radical democracy therefore poses another question: Who is heard? Which experiences become politically visible? And through what institutions can people participate continuously rather than only on election day?

13.3 – Two Incomplete Dimensions

For the purposes of my argument, democratic socialism brings the question of economic power into focus, while radical democracy brings the question of social voice into focus. These are differences of emphasis, not exclusive territories. Neither dimension is sufficient without the other.

Economic democratisation without participatory pluralism can transfer ownership while leaving effective decision-making in the hands of administrators. Participatory pluralism without economic democratisation can multiply voices while leaving concentrated economic power untouched.

A reconstructed social democracy must therefore attempt both tasks: **to make democracy more social and to make the economy more democratic.**

I would like to add my own voice to this discussion. My proposals do not constitute a finished model, nor are they intended to replace democratic socialism or radical democracy. They are attempts to connect some of their insights and ask how participation and dispersed power might be given more durable institutional forms.

The following sections therefore explore two related questions. First, how can the effective number of people participating in political and institutional decisions be increased? Second, how can the concentration of economic power be measured, limited, and counterbalanced?

The first question leads to the Associative Democratic Model (**ADM**). The second leads to the Effective Number of Economic Actors (**ENEA**). Both proposals begin from the same principle: formal rights are not sufficient when effective power remains highly concentrated.

14 – Rebuilding Democracy

Liberal democracy made an indispensable historical contribution by developing the principle that individuals possess legal and political rights as citizens, although its historical institutions applied that principle unevenly and often excluded substantial parts of the population.

A person should not possess fewer rights because of family, religion, ethnicity, gender, occupation, social position, or membership in a particular community.

The limitation of liberal democracy lies elsewhere. In protecting the individual against inherited and collective authority, it often represents the citizen politically as an isolated individual. People appear at the ballot box as formally equal units, even though they live their lives within unequal and overlapping social relationships.

Nineteenth-century liberal societies proclaimed principles of legal equality while retaining substantial legal exclusions and inequalities. People's opportunities also remained strongly influenced by gender, family background, property, education, occupation, reputation, and place of residence.

The novels of Charles Dickens and other writers of the period illustrate societies in which inherited poverty, illegitimacy, poor education, and industrial working conditions could severely restrict a person's possible future.

Tocqueville and John Stuart Mill recognised different parts of this problem. They defended individual liberty and representative government, but they were also concerned with local participation, associations, civic activity, education, and the dangers of political passivity. Liberalism itself therefore contained resources for a more social understanding of democracy, even if those resources were not developed sufficiently.¹

Marxism offered an alternative to the isolated liberal individual by locating people within social and economic relationships. Its abstract theory, however, tended to organise these relationships around the principal polarity between capital and labour. Marx's concrete historical writings recognised peasants, artisans, different sections of the bourgeoisie, state officials, intellectuals, and intermediate groups.² Nevertheless, his general system

¹ Tocqueville (1835–1840 [2000]); Mill (1861 [1991]).

² Marx did not present a single systematic taxonomy of all these groups. Peasants appear most prominently in *The Eighteenth Brumaire of Louis Bonaparte*, where he described their economic similarity alongside their social isolation and political fragmentation. Artisans and the petty bourgeoisie appear in *The Communist Manifesto* as transitional groups whose positions were being transformed by industrial development. Marx also discussed different fractions of the bourgeoisie, officials, and ideological representatives in his political writings. The list in the main text is therefore a composite summary of

assigned decisive historical importance to the opposition between the owners of capital and those who sold their labour power.

This polarity revealed a fundamental structure of industrial capitalism, but it could not express the complete diversity of social life. A person may simultaneously be a wage earner, parent, tenant, patient, student, professional, pensioner, member of a religious community, resident of a particular neighbourhood, speaker of a minority language, and participant in a cultural or political organisation.

These identities and positions are not all of the same kind. Some are relatively stable, some temporary, some chosen, and some imposed by circumstances or by other people. They can overlap, reinforce one another, or come into conflict. No single identity necessarily defines the whole person.

For analytical convenience, we can provisionally distinguish several dimensions:

- biological and demographic positions, such as age and sex;
- social and relational positions, such as family and community roles;
- economic and institutional positions, such as employee, student, tenant, patient, or professional;
- territorial positions, such as neighbourhood or municipal residence;
- cultural, religious, intellectual, and political affiliations;
- and other temporary or enduring positions through which people experience social life.

This is not intended as a permanent classification. New identities and social relationships emerge, while others lose importance or change their meaning. The purpose of the list is simply to show that neither the isolated individual of simplified liberal theory nor the two principal classes of simplified Marxism provides an adequate description of how people actually live.

Each position may generate particular knowledge, needs, and interests. A patient knows something about healthcare that cannot be captured fully by administrators. A teacher experiences the school differently from a parent or pupil. A bus driver sees public transport from another position than a passenger or municipal planner. None possesses the complete truth, but each may possess knowledge that a decision-making system loses when that person remains silent.

Democracy should therefore continue to protect equal individual citizenship while creating additional channels through which people can organise and participate around the different parts of their lives. The immediate purpose is not to abolish “one person, one vote.” Equal suffrage should remain the foundation of parliamentary elections, at least for the foreseeable future. The purpose is to develop continuous opportunities for

groups appearing across several works, not a classification taken from one passage in *Capital* (Marx, 1852 [1979]; Marx & Engels, 1848 [1976]).

participation, consultation, negotiation, and co-determination, through which role-based representation might gradually acquire a greater place.

People should be free to form and join associations connected to their occupations, neighbourhoods, interests, beliefs, temporary circumstances, or relatively stable identities. Participation must remain voluntary. The state should not assign individuals permanently to official categories, and no Association should claim to represent everyone who possesses a particular characteristic.

This distinction is important. A woman is not automatically represented by every organisation claiming to speak for women. An employee is not necessarily represented adequately by an existing trade union. A person may join several Associations, leave them, create another, or decide that a particular identity should have no organised political expression.

Such Associations already exist in many forms: trade unions, professional organisations, tenant organisations, patient groups, student unions, neighbourhood organisations, cultural associations, religious communities, environmental movements, and many others. The question is not whether society should invent associations from nothing. The question is whether democratic institutions should give organised citizens more regular and meaningful opportunities to participate in decisions affecting them.

In a more developed system, responses from membership-based organisations could be accompanied by information about their verified membership and the internal support for the position submitted. The number of members could then influence the weight given to the response, although membership should not mechanically be equated with unanimous support. Public authorities, expert bodies, municipalities, and membership organisations would require different methods of weighting because they represent different kinds of knowledge, interests, and constituencies.

This approach differs both from liberal atomism and from compulsory corporatism. It does not replace individual citizenship with membership in a prescribed group. Nor does it allow the state to recognise one official organisation as the permanent representative of an entire category. Its starting points are plurality, overlapping membership, freedom of association, and the possibility of organisational change.

Democracy would then be understood not only as a method for periodically selecting representatives but as a continuing relationship between decision-makers and those affected by their decisions. Elections would remain necessary, but they would no longer carry the entire burden of democratic life.

This proposal immediately creates difficult questions. How should an Association demonstrate that it has real members? How should overlapping memberships be treated? How can wealthy Associations be prevented from overwhelming poorer ones? Which decisions should require consultation, which should permit co-determination,

and which must remain with elected representatives? How can minority rights be protected against both governments and organised majorities?

The Associative Democratic Model does not begin with the assumption that these problems have already been solved. It begins with a more limited claim: a democratic system cannot represent the complexity of modern social life adequately if citizens possess political influence only as isolated voters or members of political parties.

The next step is to consider how Associations might be incorporated gradually into existing representative institutions without abandoning equal citizenship, parliamentary government, or political stability.

14.1 – Voting, Participation, and Collective Choice

Elections select representatives and governments, but they cannot by themselves provide continuous participation in the many institutions that shape people's lives. Associations could supplement electoral representation by giving citizens organised channels for consultation, negotiation, agenda-setting, and, in appropriate domains, co-determination.

This requires a distinction between democratic rules and electoral systems. Electoral systems determine how representatives are chosen: constituencies, party lists, thresholds, ballot structures, and formulas for translating votes into seats. Democratic rules concern a wider field: freedom of association, access to information, consultation, transparency, explanation of decisions, minority protection, review, and the ability to hold decision-makers accountable.

A well-designed electoral system cannot compensate fully for the absence of participation between elections. Conversely, greater participation cannot make an electoral system fair if that system systematically distorts votes. Representative elections and organised participation must therefore be treated as different but complementary parts of democracy.

Existing electoral systems regularly produce discrepancies between formal political equality and effective representation. Winner-take-all constituencies, electoral colleges, thresholds for parliamentary representation, and unequal electoral districts can produce distributions of power that differ substantially from the distribution of votes. Smaller parties may receive many votes but few or no representatives. In heavily one-sided constituencies, large numbers of citizens may reasonably feel that their votes have no practical effect.

No electoral formula removes every difficulty. The mathematical study of collective choice has identified several limits and paradoxes:¹

¹ For the original or defining formulations of these results, see Condorcet (1785), Arrow (1963), Gibbard (1973), Satterthwaite (1975), Sen (1970), and Daudt and Rae (1976).

- **Condorcet's paradox:** individually consistent preferences can generate a cycle at the collective level: a majority prefers A to B, another majority prefers B to C, and another prefers C to A.
- **Arrow's impossibility theorem:** under specified conditions, no method for converting individual rankings of three or more alternatives into a complete collective ranking can simultaneously satisfy all of Arrow's fairness requirements.
- **The Gibbard–Satterthwaite theorem:** under specified conditions, non-dictatorial voting procedures involving three or more possible outcomes remain vulnerable to strategic voting.
- **Sen's liberal paradox:** under specified assumptions, even limited individual rights to decide certain matters cannot always be reconciled with the Pareto principle—that an alternative unanimously preferred by individuals should also be preferred collectively—and an acyclic collective preference relation.¹
- **Ostrogorski's paradox:** a party may win majority support even though a majority of voters oppose its position on each of the separate issues bundled into its programme.

These results do not prove that democracy is impossible or that every electoral system is equally defective. They demonstrate that the aggregation of separate individual preferences cannot satisfy every desirable condition simultaneously. Political judgement, institutional design, deliberation, negotiation, and compromise cannot be replaced by a perfect electoral formula.

Associations may change part of this process by allowing preferences to be discussed and revised before they are aggregated. People do not enter political life with preferences formed entirely in isolation. They acquire information, listen to others, reconsider priorities, and negotiate compromises. Associations can provide places where this process occurs.

This does not mean that the Associative Democratic Model (**ADM**) solves Arrow's theorem or the other paradoxes. It changes the institutional environment in which preferences are formed and combined. By separating issues into relevant domains and encouraging discussion before formal decisions are made, it may reduce some practical forms of cycling, misrepresentation, and artificial issue-bundling. This is a hypothesis to be investigated, not a mathematical result that has already been demonstrated.

14.2 – The Associative Democratic Model

Building on these observations, I propose an **Associative Democratic Model (ADM)**. The model shifts some attention from occasional ballot-casting toward continuous participation through Associations that people voluntarily form and join.

¹ The term “*liberal*” in Sen's *Liberal Paradox* refers to the liberal principle of individual rights—the respect for personal autonomy central to liberal political philosophy, rather than to any partisan or economic usage. The paradox concerns the incompatibility, under specified assumptions, of limited individual decisional rights, the Pareto principle, and an acyclic collective preference relation.

Representation would no longer operate exclusively through territorial constituencies and political parties. It would also include organised participation connected to occupations, workplaces, professions, neighbourhoods, cultural activity, temporary social circumstances, and other shared concerns.

The word *Association* is used here in a specific sense. An Association is a voluntary, membership-based organisation through which people seek to exercise voice and influence in a relevant area of social life. No organisation would automatically represent everyone sharing a particular characteristic. Representation would arise from active and verifiable membership, not from an externally assigned identity.

This principle protects both collective organisation and individual freedom. People could belong to several Associations, distribute their time and activity among them, withdraw from them, or create new ones. No Association should acquire a permanent monopoly over a profession, community, identity, or field of public concern.

Associations would not initially replace elected parliaments, municipal councils, or political parties. Their first role should be consultative and participatory. Public institutions would be required to hear relevant Associations, provide them with necessary information, and explain how their views had been considered.

Different levels of participation may be appropriate in different domains:

- a right to receive timely information;
- a right to be consulted before a decision;
- a right to submit proposals and receive reasoned responses;
- representation on advisory or administrative bodies;
- negotiated participation in implementation;
- co-determination in institutions where members are directly affected;
- and, after experience and evaluation, limited forms of Associative representation within elected or complementary institutions.

These rights should not be identical in every field. A patient organisation should not manage a hospital merely because its members use healthcare. Nor should hospital administrators make every decision without listening to patients and employees. The distribution of authority must depend upon knowledge, responsibility, the degree to which groups are affected, and the democratic legitimacy of the institution.

The authority of elected representatives must also remain clear. Associations can provide information, experience, proposals, criticism, and organised participation. But governments and parliaments remain responsible for decisions affecting the whole population unless constitutional arrangements explicitly allocate a particular form of co-determination elsewhere.

14.3 – Membership and Political Weight

If Associations are to receive formal participatory rights, their membership must be more than an informal claim. Some system of registration and verification will be necessary. But registration creates problems of privacy, unequal access, administrative burden, and possible state surveillance. These risks must be recognised from the beginning.

Membership records need not be publicly available. Independent institutions could verify membership numbers without disclosing individual names. People must be protected against coercion by employers, governments, religious authorities, families, or the Associations themselves.

The financing of Associations presents another difficulty. Membership fees may help sustain genuine organisations, but fees can exclude people with low incomes. Public funding may improve access, but it can also make Associations dependent upon the state. Wealthy organisations may purchase research, publicity, and professional representation that poorer groups cannot afford.

Formal recognition must therefore be accompanied by rules intended to prevent economic resources from being converted directly into political dominance. Possible measures include financial transparency, limits on certain expenditures, public support for poorly resourced Associations, access to common information and meeting facilities, and restrictions on corporate financing.

No formula can make these inequalities disappear. The aim is to identify and restrain them rather than assume that every registered Association speaks with an equal or independent voice.

14.4 – Overlapping Memberships

Overlapping membership is a central feature of the model rather than an inconvenience. A teacher may also be a parent, tenant, patient, member of a religious community, environmental activist, and resident of a particular municipality. These memberships express different parts of the person's social life.

People who do not join an Association must also retain accessible ways to submit views, challenge decisions, and protect their rights. Organised participation should enlarge democratic opportunities, not make membership a condition of being heard.

At the same time, overlapping memberships create the danger of double counting. If ten Associations contain almost exactly the same members, they should not automatically possess ten times the influence of one Association. Similarly, a person should not acquire unlimited political weight by collecting nominal memberships.

The technical appendices explore possible ways of estimating participation while allowing for overlap and diminishing returns. These formulas are illustrative. They demonstrate that different forms of participation can be measured; they do not establish the only correct way to calculate political influence.

The principle should remain understandable even without the formulas: broader and more active participation should matter, but repeated counting of the same people should not manufacture an artificial majority.

A person with one meaningful membership must not be politically inferior to someone able to join many organisations. Membership in associations should therefore not give an individual additional votes in ordinary parliamentary elections. “One person, one vote” remains intact there. At least for the foreseeable future, role-based voting would develop alongside parliamentary elections rather than alter them.

If Associative representation is later introduced into particular institutions, a person’s contribution may be divided among the Associations that person chooses to support. Alternative methods can be tested. The precise distribution of weight is a matter for later institutional design and empirical evaluation, not a principle that must be settled in advance.

14.5 – The Danger of Corporatism

Any system that gives organised groups an institutional role risks developing a closed or monopolistic form of interest representation.¹ Governments may find it convenient to recognise a limited number of established organisations and treat them as the official representatives of society. Large Associations may then become bureaucratic gatekeepers, suppress competitors, and negotiate privileges for themselves.

ADM must therefore differ from compulsory or state-directed corporatism in several respects:

- membership must remain voluntary;
- several Associations must be able to operate within the same domain;
- recognition must be based on transparent rules;
- new Associations must be able to enter;
- members must be free to leave;
- leadership must be elected and accountable;
- finances and major decisions must be open to members;
- and no Association may permanently monopolise representation of a social category.

Plurality is not an optional decoration of the model. It is one of its principal safeguards. Nevertheless, plurality alone is insufficient. Organisations can coordinate secretly, depend upon the same financial interests, or reproduce inequalities within themselves.

¹ Michels (1911 [1915]) argued that large democratic organisations tend to develop oligarchical structures as professional leaders and bureaucratic officials acquire organisational knowledge, control over communication, and interests partly distinct from those of ordinary members. His “iron law of oligarchy” should not be treated as literally inescapable, but it identifies a danger that any institutionalised system of Associative representation must confront.

The internal democracy and effective independence of Associations must therefore be considered alongside their number.

14.6 – The Effective Number of Decision-Makers

In contemporary societies, the formal number of citizens may be very large while the Effective Number of Decision-Makers (**ENDM**) remains strikingly small. Corporate boards, senior administrators, major investors, media owners, party leaders, and small groups of government officials can make decisions affecting millions of people.

ENDM is intended to draw attention to the difference between a formal count and an effective distribution of influence. This parallels concepts in statistical and population genetics in which the effective number of contributors can be far smaller than the number of individuals formally present.¹

The comparison does not provide an automatic political formula. Genetic contribution and political influence are not the same phenomenon. The concept is transferred from one branch of knowledge to another as a way of asking a measurable question: How widely or narrowly is effective decision-making power distributed?

Several dimensions may be relevant:

- how many people or organisations participate;
- how unequal their influence is;
- whether they are genuinely independent;
- how often they participate;
- whether their participation can alter decisions;
- and whether affected groups are represented before, during, or only after a decision.

No single number will capture all these dimensions. Several partial measures may nevertheless help compare institutions over time and indicate whether decision-making is becoming more dispersed or more concentrated.

The purpose is not to abolish expertise, leadership, or unequal responsibility. Some people and institutions will necessarily exercise greater influence in particular circumstances. A surgeon and a patient do not possess identical medical knowledge; a railway engineer and a passenger do not carry the same technical responsibility. But

¹ The expression **Effective Number of Decision-Makers (ENDM)** is inspired by measures that distinguish a nominal count from an effective number after unequal contributions have been considered. In population genetics, effective population size may differ greatly from the number of individuals counted in a population (Falconer & Mackay, 1996). Political science employs a mathematically related measure for the effective number of political parties, weighting parties by their shares of votes or legislative seats (Laakso & Taagepera, 1979). **ENDM** transfers this general mode of reasoning to the distribution of political influence; it does not imply that genetic contribution, party competition, and decision-making are identical phenomena.

differences in expertise do not justify excluding affected people from information, consultation, or appropriate forms of participation.

The objective is to enlarge the Effective Number of Decision-Makers (**ENDM**) sufficiently for the experience and knowledge dispersed throughout society to influence collective decisions.

14.7 – Gradual Introduction

The Associative Democratic Model should not be introduced as a sudden replacement for representative democracy. That would contradict the method of reconstruction proposed in this essay.

Complex political institutions are interdependent. A rapid transfer of authority to newly recognised Associations could strengthen already organised interests, create confusion about responsibility, weaken elected institutions, or produce new forms of exclusion. The transition must therefore be gradual, cautious, and open to reversal.

Initial experiments could begin with consultation, access to information, participatory hearings, workplace representation, municipal advisory bodies, or limited co-determination in clearly defined fields. Different arrangements could be compared and evaluated before additional authority was transferred.

At each stage, several questions should be asked:

- Did participation become broader or merely more bureaucratic?
- Did previously excluded knowledge enter the decision?
- Did the arrangement strengthen or weaken accountability?
- Were smaller and poorer groups able to participate?
- Did overlapping Associations increase pluralism or reproduce the same concentrated interests?
- Did participation improve the decision, or merely delay it?
- Could citizens understand who remained responsible for the outcome?

Existing consultation procedures already point in this direction. In Sweden, for example, government inquiries and legislative proposals are commonly circulated for *remiss* to public authorities, municipalities, universities, trade unions, business organisations, and other affected bodies.¹ Comparable procedures exist in many democracies.² Such arrangements allow organised interests to be heard, but they generally remain consultative: participants are asked for opinions without acquiring a continuing share in decision-making.

The *remiss* procedure could provide one starting point for gradual experimentation. For membership-based organisations, development might proceed through several stages:

¹ Government Offices of Sweden (n.d.).

² OECD (2021).

1. Publication of verified membership totals and aggregate information about the constituencies represented, without identifying individual members.
2. Reporting how many eligible members supported or opposed the position, formally abstained, or did not participate in the vote.
3. Reporting how many members supported, opposed, or abstained from the position submitted.
4. Gradually giving greater weight to responses supported by verified representation and demonstrable internal participation.
5. Carefully tested movement from advisory consultation towards limited participation in decisions within clearly defined fields.

Membership numbers should not automatically be treated as unanimous votes. Members may disagree, abstain, or belong to several Associations. Public authorities, municipalities, universities, expert bodies, and membership organisations would also require different methods of representation and evaluation. The purpose of experimentation would be to discover which arrangements broaden effective participation without allowing large or already powerful organisations to dominate.

The objective is not institutional rupture but cumulative rebalancing. The Effective Number of Decision-Makers (**ENDM**) can be expanded step by step while equal citizenship, electoral legitimacy, and political stability are preserved.

ADM is therefore not presented as an institutional cure whose effects are already known. It is a direction for experimentation: an attempt to bring decision-makers and those affected by decisions closer together and to make democracy a more continuous part of social life.

15 – Rebuilding Socialism

Adam Smith and Karl Marx pushed human understanding toward the limits of what was possible within their respective periods. Their insights were nevertheless shaped by the scientific, economic, and philosophical horizons available to them.

Smith recognised that decentralised decisions and exchange could coordinate economic activity without continuous central direction. Marx recognised that formally free exchanges could occur within structures of profoundly unequal power. Smith drew attention to coordination; Marx to concentration and exploitation.

The task today is neither to reject one and canonise the other nor to combine their complete systems. It is to recover useful insights from both while removing the assumptions that no longer withstand historical and empirical examination.

Smith did not ignore inequality, the power of employers, the degrading effects of the division of labour, or the abuses of colonial trade. In *The Wealth of Nations*, he discussed employers' ability to combine more easily than workers, warned that highly repetitive

labour could damage workers' intellectual capacities, and criticised colonial monopolies and the political influence of merchants.¹

It would therefore be wrong to claim that Smith failed to confront colonial trade. He examined the colonies, monopoly trading companies, restrictions on trade, the fiscal and military costs of colonial rule, and the interests that sustained the British Empire. What lay beyond his historical horizon was the later integration of industrial production, colonial expansion, capital export, and rivalry among industrial powers, as well as the scale and institutional complexity of modern multinational corporations, global finance, and production organised through international supply chains.²

Marx likewise saw problems that Smith's framework could not adequately resolve. He examined how ownership, control over production, and dependence upon wages could concentrate economic power. But he organised these insights within a dialectical account centred upon the adversarial relationship between capital and labour.

In my criticism of Marx, I have argued that he did not need to treat this relationship as an ontologically generative contradiction. Smith's own observations offered material for a criticism of commercial society based on institutions, power, knowledge, and empirical investigation. Marx could have extended that criticism and attempted to repair the developing liberal order.

Why did he make the supersession of the existing order, rather than its continuing repair, the ultimate objective? My interpretation is that his investment in a dialectical system encouraged him to treat the opposition between capital and labour as a contradiction requiring a transformation of the whole. Reforms could improve conditions and strengthen workers' position, but they did not constitute his final answer to that relationship.

My project begins from the opposite possibility. Liberal democracy developed institutions that could have worked better but remained socially and economically incomplete. The task is therefore to make democracy more social and the economy more democratic.

15.1 – Smith and the Invisible Hand

Adam Smith used the expression "invisible hand" only rarely, and he did not present it as a universal theorem of market stability.

In *The Wealth of Nations*, the expression appears in a particular discussion of merchants who prefer domestic investment because they consider it more secure. By seeking their own advantage, they may unintentionally promote domestic economic activity. Smith

¹ Smith (1776 [1976], I.viii, V.i.f, IV.vii).

² Smith (1776 [1976], IV.vii–viii, V.iii).

did not claim there that every pursuit of self-interest necessarily benefits society, that every market is self-correcting, or that a large number of individual decisions automatically produces an optimal equilibrium.¹

The much broader interpretation of the invisible hand developed later. In that interpretation, the metaphor came to represent the supposed capacity of competitive markets to transform decentralised self-interest into general welfare.

This later interpretation captures a genuine possibility. Economic coordination can emerge without a single central planner. But it can also conceal important questions: How many actors are actually making independent decisions? How unequal are they? Can some dictate the conditions under which others act? Do apparently separate firms have common owners, creditors, suppliers, or sources of information?

The problem is therefore not that an invisible hand never exists. The problem is that the metaphor does not tell us when decentralised coordination is functioning and when an apparently free market is controlled by a small number of powerful actors.

Smith's account should also not be reduced to an abstract "single rational agent." His work contains merchants, workers, landlords, manufacturers, consumers, and public authorities² with different interests and unequal power. Later economic theories increasingly formalised economic actors as simplified decision-making units. That later development should not be projected backwards and attributed entirely to Smith.

These categories are themselves heterogeneous populations. Merchants, workers, landlords, and consumers differ among themselves in resources, knowledge, preferences, behaviour, and influence. In my proposed extension, this individual variation should be examined statistically rather than concealed behind a single representative value for each group.

15.2 – From Political Economy to Mathematical Equilibrium

The movement from Smith to modern mathematical economics was neither direct nor continuous. Ricardo constructed more abstract theories of production and distribution. Walras later represented interdependent markets through systems of simultaneous equations. Twentieth-century economists developed increasingly formal models of choice, equilibrium, and welfare.³

¹ Smith (1776 [1976], IV.ii.9).

² These categories refer to heterogeneous and partly overlapping populations, not homogeneous actors. Any quantitative treatment must consider variation within each category, as well as differences between categories; a group average cannot be treated as though every member possessed the same preferences, behaviour, or degree of influence.

³ Samuelson (1947); Walras (1874–1877 [1954]).

Arrow and Debreu demonstrated the existence of a general competitive equilibrium under restrictive assumptions. This was an important mathematical achievement. It did not demonstrate that real economies automatically move toward equilibrium, remain stable after disturbances, distribute resources justly, or prevent concentrations of power. Existence, efficiency under specified conditions, dynamic stability, and social justice are different questions.¹

Samuelson and other later economists sometimes interpreted modern equilibrium analysis as a mathematical vindication or development of Smith's invisible-hand intuition.² This was a retrospective interpretation. Smith's metaphor did not itself contain the later mathematical theory.

The strength of mathematical economics lies in its precision. Its weakness appears when the assumptions required for that precision—perfect or highly structured information, simplified preferences, limited forms of interaction, and the absence of certain kinds of power—are forgotten when conclusions are transferred back to real economies.

The answer is not to abandon mathematics. It is to develop measurements that address heterogeneity, concentration, dependence, uncertainty, and institutional power more directly.

15.3 – From Effective Population Size to Economic Actors

My proposal for an Effective Number of Economic Actors (**ENEA**) begins with a transfer from quantitative and evolutionary genetics.

In population genetics, the number of individuals counted in a population may differ greatly from its effective size. Effective size reflects how genetic contributions are distributed across generations, rather than simply counting the individuals that actually reproduce. Unequal reproductive contributions, demographic fluctuations, and population structure can make effective population size differ substantially from the observed count, often reducing it.³

Economic actors are not organisms, and economic activity is not reproduction. The concepts are not equivalent. The transfer is useful because it suggests a question: can the formal number of firms or institutions similarly exaggerate the effective diversity of economic decision-making?

A market may contain many legally distinct firms while effective economic power remains concentrated. The firms may have highly unequal market shares, common

¹ Arrow & Debreu (1954).

² Samuelson (1977).

³ Falconer & Mackay (1996).

owners, shared creditors, coordinated strategies, dependence upon the same platform, or control by a small number of suppliers. Conversely, a sector containing a relatively small number of institutions may exhibit some meaningful independence if ownership, decision-making, and sources of finance are genuinely dispersed.

ENEA should therefore not be treated as a single ready-made formula. It is better understood as a family of possible measurements concerned with different dimensions of economic plurality:

- the number of actors;
- the distribution of market shares;
- independence of ownership;
- independence of decision-making;
- dependence upon common sources of finance;
- control over infrastructure or platforms;
- relationships among suppliers and purchasers;
- and the ability of new actors to enter the field.

No individual measure provides a complete description. Several partial measures may nevertheless indicate whether economic decision-making is becoming more concentrated or more dispersed.

15.4 – Concentration and Independence

The Herfindahl–Hirschman Index¹ and its inverse can provide useful measures of concentration and size-adjusted numerical diversity. They adjust the raw number of firms according to their relative shares. A market consisting of ten equally sized firms is less concentrated by this measure than a market in which one firm controls most activity and nine firms divide what remains.

But inverse HHI measures concentration, not independence. Ten equally sized firms may still be controlled by the same owner, coordinate through a cartel, depend upon the same financial institution, or respond identically to a common external constraint. A

¹ The Herfindahl–Hirschman Index (**HHI**) measures concentration by summing the squared shares of the actors in a defined market: $HHI = \sum_i s_i^2$. When shares are expressed as proportions, its inverse, $1/HHI$, can be interpreted as the equivalent number of equally sized actors. HHI measures the distribution of shares, not the actors' independence of ownership or decision-making. The old American concentration classifications mentioned in this essay are used only as illustrative policy comparisons, not as universal thresholds (U.S. Department of Justice & Federal Trade Commission, 2010).

The Herfindahl–Hirschman Index (**HHI**) measures concentration by summing the squared shares of all actors in a defined market: $HHI = s_1^2 + s_2^2 + \dots + s_n^2$. Here, s_i is actor i 's market share, expressed as a fraction, and n is the number of actors. The shares add to one. The equivalent number of equally sized actors is: $N_e = 1 / HHI$. HHI measures the distribution of shares, not independence of ownership or decision-making. On the alternative 0–10,000 reporting scale, the equivalent number is **10,000 / HHI**. The former American concentration classifications mentioned in this essay are illustrative policy comparisons, not universal thresholds (U.S. Department of Justice & Federal Trade Commission, 2010).

numerical count adjusted for size must therefore be supplemented by information about ownership, coordination, and dependence.

This distinction is essential. The **effective number of economic actors** cannot mean only the effective number of differently sized firms. It must also ask how independently those firms are capable of acting.

The same problem exists at the level of the economy as a whole. A corporation operating in banking, industry, retail, media, and digital infrastructure should not necessarily be counted as several independent actors merely because it appears in several sectors. Cross-ownership and common control must be considered.

ENEA is therefore not a single measure of economic health. It is an attempt to organise several measurements around a political and economic question: how many actors can effectively make decisions without being controlled by, or completely dependent upon, the same concentrated centres of power?

15.5 – The Central Limit Theorem as an Analogy

The Central Limit Theorem describes conditions under which suitably centred and scaled sums of many contributions approach a normal distribution. It does not, by itself, establish that aggregate fluctuations become smaller or that an economic system becomes stable. Nor does it establish that prices or production volumes in a market containing many firms must follow a normal distribution.

Market actors are rarely fully independent. They respond to common costs, demand, interest rates, laws, technologies, expectations, and one another. Prices are not necessarily simple averages of independent firm-level variables. The conditions required for a Central Limit Theorem must be examined rather than assumed.

The theorem should therefore enter this essay as a source of questions and analogies, not as a proof of market stability. It directs our attention toward the number of contributors, the inequality of their contributions, common dependence, and the possibility that a few actors may dominate an aggregate outcome.

A sector containing many genuinely independent producers may be less vulnerable to the failure or manipulation of a single producer. A sector dominated by a few interdependent corporations may be more vulnerable to coordinated behaviour or common failure. But these remain empirical propositions. The number of actors alone cannot determine the distribution, stability, price level, fairness, or resilience of a market.

The examples of bakeries and automobile manufacturers can illustrate this difference, but they cannot prove it. Local bakeries may still depend upon a few flour suppliers, property owners, banks, delivery platforms, or energy companies. Automobile companies may be separate producers while depending upon shared suppliers,

technologies, financial institutions, or state policies. **ENEA** should make such dependencies visible rather than conceal them behind a count of company names.

15.6 – Thresholds and Measurement

The statistical appendices explore possible thresholds for concentration and effective participation. These thresholds must be presented as provisional and normative. They are not universal laws of healthy markets.

American antitrust classifications based on HHI may provide illustrative points of comparison, but they do not automatically establish the level of economic diversity required by a democratic political economy. Competition authorities ask particular legal and policy questions.¹ **ENEA** asks a broader question about the distribution of economic decision-making power.

The proposed 20 per cent threshold (see **Appendix A4**) should not be attributed to Lindeberg's condition.² Lindeberg's condition concerns circumstances under which suitably centred and scaled sums of independent variables, potentially with unequal variances, approach a normal distribution. It does not provide a universal rule stating that a market ceases to be stable when one firm contributes more than 20 per cent of total variance. Nor does failure of the condition necessarily generate bimodality or heavy tails.

A threshold may still be proposed for policy purposes. But it must be identified as our chosen warning level, justified by experience and adjusted to the characteristics of a sector—not presented as a mathematical deduction from the Central Limit Theorem.

The purpose of these formulas is modest. They demonstrate that it is possible to think about different ways of measuring concentration, diversity, dependence, and participation. Each captures only part of the picture. Together they may help us judge whether an economy is moving toward or away from the goal of dispersed and democratically accountable power.

15.7 – Political Consequences

This reinterpretation leads to several practical propositions.

- **Antitrust policy:** Preventing anticompetitive mergers, cartelisation, abuses of dominant positions, and excessive concentrations of ownership concerns not only prices and consumer welfare but also resilience and political power.
- **Continuous monitoring:** Concentration and dependence should be measured over time rather than examined only when a merger is proposed.

¹ U.S. Department of Justice & Federal Trade Commission (2010).

² Lindeberg (1922).

- **Entry and infrastructure:** A high formal number of firms means little when access to finance, data, platforms, transport, or essential supplies is controlled by a few actors.
- **Multiple forms of ownership:** Private, cooperative, municipal, communal, and state-owned institutions can coexist. The relevant question is how each affects the distribution of effective power.
- **Public ownership:** A public institution may stabilise a market, provide essential services, and counter private concentration. It may also become another centre of unaccountable power. Public ownership must therefore be subjected to transparency, participation, and democratic control.
- **Adaptive regulation:** Appropriate levels of concentration and independence will differ among sectors. Regulation must respond to evidence rather than assume a universal numerical threshold.
- **Economic democracy:** Employees, consumers, communities, and other affected groups should possess institutional means of influencing important economic decisions.

ADM cannot, by itself, guarantee a high **ENEA**. Political Associations and economic actors are not interchangeable. **ADM** concerns the distribution of voice and participation; **ENEA** concerns the distribution and independence of economic decision-making. They are connected because organised citizens may influence economic policy and management, but neither measure can substitute for the other.

15.8 – The Jupiter Metaphor

The role of public ownership or regulation may be compared metaphorically to Jupiter's role in the solar system. The metaphor must remain a metaphor. Jupiter's gravitational influence stabilises some orbital relationships but can also disturb, redirect, or eject other bodies.

Public authority can similarly stabilise an economic sector by maintaining infrastructure, supplying essential services, or counterbalancing private concentration.¹ But it can also destabilise a sector, suppress plurality, or become a dominant actor itself.

The purpose of public intervention is therefore not to stand outside the system as an infallible restorer of order. Public institutions are participants in the economic system and must themselves be measured, regulated, democratised, and held accountable.

¹ Public enterprise may also perform an epistemic function. By participating directly in economic activity, public institutions can preserve operational knowledge and develop an independent basis for evaluating the costs, constraints, productivity, investment requirements, and service quality reported by private enterprises. Public enterprises may also provide benchmarks for comparison, provided that their subsidies, public obligations, commercial performance, and social objectives are reported transparently. This argument does not require public enterprise to become the predominant form of ownership. It supports maintaining a limited and well-governed public sector as part of the state's institutional capacity to understand and regulate the economy. See "[Excursus 137—On the Epistemic Function of Public Enterprise.](#)"

The political objective is neither an invisible market harmony nor unlimited state control. It is a plural economy in which no private, public, or collective actor acquires sufficient power to place itself beyond effective democratic influence.

This is what I mean by rebuilding socialism: not abolishing every form of private ownership, but democratising the institutions through which economic power is created, concentrated, exercised, and restrained.

16 – Continuing to Rebuild Social Democracy

Many contemporary democracies suffer from recurring weaknesses. These weaknesses do not appear with the same intensity everywhere, and no single list can describe every political system. Nevertheless, several problems occur often enough to form a recognisable pattern:

1. weak or uneven application of the rule of law;
2. distorted or inadequate representation;
3. low effective pluralism;
4. persistent polarisation and political paralysis;
5. periodic or short-term populism;
6. and a public sphere distorted by unequal access, concentrated ownership, disinformation, or lack of trustworthy information.

Each problem has its own history and causes. They should not be treated as symptoms of one hidden disease. Yet they can reinforce one another. Distorted information can intensify polarisation. Poverty and insecurity can make immediate promises more compelling than long-term institutional reforms. Concentrated political influence can weaken representation, while weak representation can deepen distrust in the rule of law.

Three factors deserve particular attention: deficient or biased information, material insecurity, and the concentration of organised influence.

16.1 – Information

Democratic decisions depend upon access to reliable information, but choices about what to investigate, emphasise, and communicate are never entirely neutral. Governments, corporations, media organisations, political parties, experts, social movements, and citizens select what they regard as relevant. Selection does not necessarily make information false. The problem is not simply the existence of different perspectives, but the concentration of the means through which information is produced, filtered, distributed, and repeated.

Citizens cannot be expected to examine every policy, scientific question, budget, or administrative decision independently. They depend upon intermediaries. When only a

few institutions control these intermediaries, formal freedom of expression may coexist with a highly restricted field of effective information.

Associations cannot eliminate bias. They may produce their own partial accounts or circulate misinformation. But a plurality of independent Associations may make it more difficult for one government, corporation, party, or media group to control the entire discussion. They can also contribute specialised experience that would otherwise remain absent.

A patient organisation, for example, may detect consequences of healthcare policy that do not appear in official statistics. A trade union may possess knowledge about workplace safety that an employer does not disclose. A professional association may identify technical weaknesses in a government proposal. None should be treated as an impartial possessor of truth. Their value lies in bringing additional experience and competing information into public deliberation.

16.2 – Material Insecurity

Political equality is difficult to exercise when people lack time, security, education, housing, healthcare, or confidence in their immediate future. A person struggling to meet basic needs cannot participate on the same terms as someone who possesses money, professional knowledge, extensive social connections, and control over their own time.

Poverty does not automatically produce authoritarianism or populism, and economically secure people are not immune to either. Nevertheless, severe material insecurity can narrow the time horizon within which political choices are made. Immediate survival may reasonably take priority over long-term institutional consequences.

Social rights are therefore part of the infrastructure of democracy. Education, healthcare, income security, housing, and reasonable working time do more than improve individual welfare. They give people greater practical capacity to participate in collective decisions. **ADM** cannot by itself abolish poverty. **ENEA** cannot guarantee an equitable distribution of income. But institutions that broaden participation may help make material insecurity politically visible, while institutions that limit concentrations of economic power may reduce the ability of powerful actors to prevent redistributive reforms.

16.3 – Concentrated Organised Influence

The word *lobbying* covers very different activities. A patient group asking parliament to recognise a neglected disease is lobbying. A trade union presenting its members' concerns is lobbying. A multinational corporation financing professional campaigns to weaken regulation is also lobbying.

The problem is therefore not organised influence as such. The Associative Democratic Model itself seeks to enlarge organised participation. The problem arises when access is

opaque, highly unequal, and dependent upon money, personal connections, or control over information.

Powerful organisations may have continuous access to decision-makers, while many ordinary citizens have few effective opportunities to influence them between elections. Despite equal voting rights and other formal political rights, citizens therefore differ greatly in the frequency, quality, and effectiveness of their participation.

ADM is intended to make organised influence more visible, plural, and accountable. If Associations receive recognised channels of consultation, their verified membership totals, financing, proposals, and contacts with public institutions should be subject to appropriate transparency. This would not eliminate unequal influence, but it could make some of its mechanisms easier to observe and contest.

There is also a danger in the opposite direction. Large Associations could become another privileged lobbying class. Established trade unions, professional organisations, religious bodies, or identity-based organisations might use formal recognition to exclude competitors and protect their own leadership. **ADM** must therefore be judged partly by whether it enlarges the Effective Number of Decision-Makers (**ENDM**) or merely gives old concentrations of influence a new constitutional form.

16.4 – Connecting the Symptoms and Causes

The six democratic weaknesses listed above cannot be assigned mechanically to three underlying causes. Weak rule of law may result from corruption, historical institutions, war, authoritarian traditions, economic power, administrative weakness, or political strategy. Polarisation can be intensified by distorted information, but it can also reflect genuine conflicts of interest and value. Populism can express manipulation, but it can also reveal problems that established parties have refused to recognise.

The proposed framework should therefore be used diagnostically rather than as a universal causal theory. It asks several connected questions:

- How widely is reliable information distributed?
- How many people possess the material capacity to participate?
- How concentrated is effective access to decision-makers?
- Which organised interests remain unheard?
- Which organisations repeatedly appear in several centres of power?
- Can citizens identify who made a decision and hold them responsible?
- Do institutions allow correction after errors become visible?

ADM and **ENEA** may contribute to answering these questions. They do not supply automatic answers.

16.5 – No Automatic Cure

The Associative Democratic Model (**ADM**) is intended to counteract some of the weaknesses of representative democracy by increasing continuous participation and widening the sources of information available to decision-makers. It may also make lobbying more transparent by replacing informal access with recognised and reviewable procedures.

But **ADM** cannot “immunise” democracy. Associations may become bureaucratic, intolerant, poorly informed, or dominated by wealthy members. They may intensify rather than reduce polarisation. Their claims may conflict, and greater participation may make decisions slower without necessarily making them wiser.

Similarly, increasing the Effective Number of Economic Actors (**ENEA**) may reduce certain forms of monopoly and concentrated power, but it does not by itself guarantee fair prices, good employment, environmental responsibility, technological innovation, or an equitable distribution of income.

The value of **ADM** and **ENEA** lies in the direction of the questions they ask. Both distinguish formal numbers from effective power. A society may contain millions of voters but very few effective decision-makers. An economy may contain thousands of registered companies but only a small number of effectively independent centres of economic power.

Rebuilding social democracy requires making these concentrations visible and subjecting them to democratic correction. The objective is not to create a mechanism that can be left to operate unattended. Institutions may contain feedback and corrective procedures, but their effectiveness depends upon access to information, accountability, participation, and the possibility of revision. Democratic correction must be organised and sustained; it cannot simply be assumed.

17 – Conclusion

In three previously published essays,¹ I approached social democracy through a general description and through personal experience. In this essay, I have attempted to tell a longer and more difficult story: how social democracy emerged, how it succeeded, why its older form weakened, and in what direction it might be rebuilt.

This has not been a complete history of socialism, liberalism, Marxism, or social democracy. Nor have I attempted to construct a finished political or economic theory. I have selected parts of a much larger history to explain how I see the problem.

Liberal democracy made an indispensable contribution by protecting individual rights, legal equality, political choice, and limits upon arbitrary power. Its weakness was not that

¹ The three preceding essays are [“What Is Social Democracy?”](#); [“Another Way of Becoming a Social Democrat”](#); and [“A New Look at the Old Phenomenon of Social Democracy.”](#)

it recognised individuals, but that it often treated formal individual equality as sufficient while economic and organisational power remained profoundly unequal.

Marx revealed structural relationships that liberal political economy often concealed. He showed how exploitation and concentrated power could operate through formally free contracts. In my interpretation, however, his assignment of generative power to adversarial contradiction restricted the manifestations of change that received fundamental explanatory weight and gave the supersession of the existing order an appearance of historical necessity.

Social democracy took another path. It preserved liberal-democratic institutions while using trade unions, collective bargaining, public services, taxation, social insurance, regulation, and political organisation to alter the distribution of power and welfare. For several decades, it demonstrated that economic growth, democratic government, and greater social equality could coexist.

Its institutions, however, remained too closely connected to the industrial society in which they had developed. As production became automated and globalised, and as the population of wage and salary earners became more diverse, social democratic parties failed to rebuild their organisational and political foundations rapidly enough.

Why did they continue to speak primarily in the language of the industrial working class when working life had changed? Why did they permit the political right to redefine ownership, aspiration, taxation, and freedom? Why did they respond more readily to visible economic shocks than to the slower processes transforming production and social identity? And why did collective ownership so often receive more attention than democratic participation in management?

My proposed answer begins with two connected tasks: **making democracy more social and making the economy more democratic.**

The Associative Democratic Model (**ADM**) begins by supplementing equal individual citizenship and representative government with continuous participation through voluntary, plural, and overlapping Associations. Its objective is to increase the Effective Number of Decision-Makers (**ENDM**), initially alongside existing electoral institutions. Any later development of role-based voting would require careful experimentation and evaluation, while individual rights and equal citizenship remain protected.

The Effective Number of Economic Actors (**ENEA**) is intended to direct attention beyond the formal number of firms toward the actual distribution of economic power. It asks whether economic actors are sufficiently numerous, diverse, and independent to prevent private, public, or collective power from becoming unaccountable.

Neither proposal provides a complete solution. **ADM** could produce new bureaucracies or organised inequalities. **ENEA** cannot be captured by one formula and cannot establish

justice merely by increasing the number of firms. Both require experimentation, measurement, criticism, and revision.

The statistical appendices serve the same modest purpose. They do not prove that political participation and economic democracy can be reduced to a few equations. They show that different aspects of participation, concentration, overlap, and independence can be measured in more than one way. No measure presents the whole picture, but several partial measures may help indicate whether we are moving closer to or further away from our goals.

I do not propose the abolition of liberal democracy or every form of private ownership. I propose that liberal democracy should be completed socially and that economic power should be brought more fully within democratic life.

A reconstructed social democracy would therefore not begin with the expectation that contradiction must break the existing order. It would begin with institutions capable of learning: introducing limited changes, examining their consequences, correcting mistakes, and proceeding gradually.

Can such a project succeed? I do not know. The proposals made here undoubtedly contain weaknesses, and some may prove impractical. But the decline of the old social democratic model does not remove the needs to which it once responded. Economic power remains concentrated. Formal political equality continues to coexist with unequal effective influence. Many citizens still feel that decisions affecting their lives are made somewhere beyond their reach.

If social democracy is to recover its meaning, it must again reduce the distance between those who make decisions and those who live with their consequences. It must make participation an ordinary part of political, economic, and social life rather than an exceptional act performed on election day.

That is what I mean by rebuilding social democracy.

APPENDIX A1 – From Essence to History

A1.1 – Appearance and Essence in Marx

Marx's analysis begins from the proposition that social reality does not present itself transparently. Wages, prices, contracts, and commodity exchange are visible, but the relationships through which production is organised and economic power is exercised may remain concealed.

In the third volume of *Capital*, Marx writes that “all science would be superfluous if the form of appearance of things directly coincided with their essence.”¹ The sentence appears in a volume edited and published by Engels after Marx's death, but the distinction between visible transactions and underlying economic relationships is central to Marx's economic analysis.

For Marx, political economy could not stop at the visible exchange of commodities between legally equal individuals. It had to examine production, labour power, ownership, control, and the distribution of the resulting surplus. The distinction between appearance and essence therefore performed a methodological function: it directed investigation beyond observable transactions toward relationships that might explain them.²

This movement is not objectionable in itself. Scientific explanation frequently seeks mechanisms that are not immediately visible. The problem arises when the proposed underlying relationship is treated as necessary because it satisfies a philosophical structure rather than because independent evidence supports it.

A1.2 – The Hegelian Background

The distinction between appearance (*Erscheinung*) and essence (*Wesen*) has a long philosophical history and occupies an important place in Hegel's logic. In Hegel, concepts do not remain fixed. Their limitations and internal relations produce movement toward other conceptual forms. Contradiction and determinate negation have central roles in this movement.³

This process should not be reduced to a mechanical sequence of “thesis, antithesis, and synthesis.” Hegel did not consistently organise his dialectic through the familiar formula “thesis, antithesis, and synthesis,” although he used some of these terms and his

¹ Marx (1894 [1991], p. 956).

² Marx (1867 [1976]); Marx (1894 [1991]).

³ Hegel (1812–1816 [2010]).

arguments frequently contain movements that later interpreters have described retrospectively in triadic form.¹

The relationship between logic, nature, history, and reality in Hegel remains contested. It would be too simple to say that his dialectic concerned concepts alone. Nevertheless, the movement of a philosophical exposition does not by itself demonstrate that material or historical processes are generated in the same manner.²

Marx did not merely combine Hegel and Feuerbach. He criticised and transformed both. Drawing upon Hegelian dialectic, Feuerbachian materialism, political economy, French socialism, and historical analysis, he attempted to construct a new system in which material production and social relations replaced Spirit as the principal field of movement.³

In my interpretation, however, an important generative structure remained. Historical forms contained antagonistic relationships that were expected to develop, intensify, and create the conditions for their own transformation. Marx relocated dialectical movement, but he did not adequately justify its extension as a general principle of material and historical change.

A1.3 – Change and Contradiction

Change—often discussed as movement in philosophical writing—can appear in many forms. Opposition, contradiction, and negation are among them, but they do not exhaust the phenomenon.

Change may also occur through reciprocity, cooperation, adaptation, differentiation, integration, feedback, cumulative modification, recombination, displacement, or changing relationships between a system and its surroundings. These manifestations are not synonymous, and no one of them should be identified automatically with change itself.⁴

Hegel gave contradiction and determinate negation a central role in conceptual development. Marx gave adversarial relationships an exceptional role in historical and economic development. The relationship between capital and labour was not only unequal and conflictual; it became a central antagonism expected to drive the transformation of capitalist society.⁵

¹ Hegel (1812–1816 [2010]); Mueller (1958).

² Beiser (2005).

³ Marx (1845 [1976]); Marx & Engels (1845–1846 [1976]); Marx (1873 [1976]).

⁴ See also [“Excursus 095 – On Manifestations of Change”](#)

⁵ Hegel (1812–1816 [2010]); Marx (1867 [1976]).

In my interpretation, this gave Marx's theory clarity and political force, but also restricted the kinds of change that received fundamental explanatory weight. Cooperation, adaptation, institutional learning, technological innovation, reciprocal transformation, and external conditions were not necessarily absent. My objection is that they were insufficiently developed as processes capable of generating change without being subordinated to internal contradiction.

A1.4 – Direction and Necessity

Hegel rejected a static world of fixed essences and presented reality as movement and becoming. Yet this movement was not simply an accumulation of unrelated events. It possessed intelligible direction within his system.¹

Marx also understood history as structured movement rather than as a collection of accidents. Productive forces, relations of production, class formation, and political struggle were connected within an account of historical transformation.

Interpretations differ over how deterministic or teleological Marx's theory was. His political and historical writings contain contingency, failed possibilities, and attention to particular circumstances. Nevertheless, the architecture of his system frequently gave capitalism's internal conflicts a direction leading toward its eventual supersession.

Once such direction is treated as necessary, the supersession of the existing order can appear as the fulfilment of historical development rather than one possible outcome among others.

A1.5 – Population Thinking and Historical Openness

Darwin's theory of evolution offered an important challenge to the idea that biological species were fixed and unchanging types. Species could instead be understood historically, as populations containing variation and changing across generations.²

Ernst Mayr later described the contrast as one between typological and population thinking.³ This formulation has itself been debated, but it expresses a useful methodological change: variation among individuals is not merely an imperfection surrounding an ideal type.⁴ It is part of the material through which populations change.

¹ Hegel (1812–1816 [2010]).

² Darwin (1859).

³ Mayr (1982).

⁴ Chung (2003).

Evolutionary theory does not replace every form of necessity with pure accident. Natural selection, inheritance, population structure, environmental conditions, and historical contingency all constrain possible outcomes. But evolution does not require a predetermined destination. Adaptation is provisional, local, and dependent upon conditions that can change.

The transfer to political history must remain an analogy. Societies are not biological species, political institutions are not organisms, and institutional reform is not natural selection. Nevertheless, population thinking provides an alternative image of change: variation, multiple interacting processes, provisional adaptation, and outcomes that are not known in advance.

A1.6 – From Necessity to Learning

This contrast helps clarify the difference I draw between revolutionary Marxism and the reconstruction of social democracy proposed here.

Where revolutionary Marxism has often placed confidence in the necessary development of contradiction, I place greater confidence in organised learning. Institutions can be altered, consequences examined, errors corrected, and further changes introduced. Progress remains possible, but it is neither automatic nor final.

This does not make social democracy free from direction or moral purpose. Equality, liberty, solidarity, participation, and the dispersal of power provide direction. What is abandoned is the belief that history itself guarantees their achievement.

The movement from necessity toward learning also explains the method proposed in this essay. We do not need to know the final form of a democratic economy before beginning. We need changes small enough to be evaluated, institutions capable of receiving criticism, and measurements that help us judge whether effective power is becoming more concentrated or more dispersed.

The purpose is not to replace one universal historical system with another. It is to create political and economic institutions capable of correction.

APPENDIX A2 – Participation through Associations

The Associative Democratic Model (**ADM**) proposes continuous participation through voluntary, overlapping Associations. People should be able to express several parts of their lives without automatically acquiring greater political weight merely by joining more organisations.

In an initial equal-budget model, each person receives one unit of available Associative weight. If person i distributes that unit equally among k_i Associations, the weight assigned to each is:

$$f_{ia} = 1 / k_i$$

Here, k_i is person i 's number of memberships, and f_{ia} is the fraction assigned to Association a . The formula applies to Associations in which the person is registered and requires $k_i > 0$. A person with no memberships assigns no Associative weight.

Someone belonging to four Associations would assign 0.25 to each. Their total remains one, just as it does for someone belonging to one Association. People may choose another distribution or leave some weight unassigned.

Association a 's total weight, W_a , is:

$$W_a = \text{sum of } f_{ia} \text{ over all individuals } i$$

These weights concern Associative participation or representation, not additional votes in ordinary parliamentary elections. Membership does not establish activity, agreement with an Association's position, or independence from other organisations. Shared members, leadership, and financing require separate examination.

The formulas illustrate possible arrangements. They do not determine how much authority Associations should possess.

APPENDIX A3 – Active Participation between Elections

Registered membership is not the same as active participation. The Effective Number of Active Participants (**ENAP**) asks how many distinct people participate and how continuous that participation is.

For a period t , a first estimate is:

$$A_t = M_t \times r_t$$

Here, M_t is the number of registered membership records, r_t is the proportion classified as active, and A_t is the resulting active-record count. A person active in several Associations appears several times.

An overlap correction gives an estimate of unique active people:

$$U_t \approx \delta_t \times A_t$$

Here, U_t is the estimated number of distinct active participants, δ_t is the overlap correction factor, and $\approx$ means approximately equal. For positive active-record counts, δ_t lies above zero and at or below one. It equals one when nobody is counted more than once. If $A_t = 0$, then $U_t = 0$.

“Active” must be defined—for example, participation in a meeting, consultation, election, or working group. Estimating overlap must also protect personal information.

Participation fluctuates over time. An ordinary average describes its scale, while a harmonic mean gives greater importance to low-participation periods. For three periods:

$$ENAP_h = 3 / (1/U_1 + 1/U_2 + 1/U_3)$$

U_1 , U_2 , and U_3 are the unique-participant counts for the three periods; the subscript h identifies the harmonic-mean version. The formula requires positive counts. For this proposed index, a period with zero participation makes the index zero.

ENAP_h penalises low-participation periods. It does not measure deliberative quality, equality of influence, or whether the same small circle participates repeatedly. These require additional information.

APPENDIX A4 – Effective Economic Plurality

Many company names do not necessarily represent many independent centres of economic power. The Effective Number of Economic Actors (**ENEA**) directs attention to size differences, common ownership, dependence, and barriers to entry.

One starting measure uses firms' shares of a defined sector. For three firms:

$$H = s_1^2 + s_2^2 + s_3^2$$

Here, s_1 , s_2 , and s_3 are the firms' shares, expressed as fractions adding to one. The superscript ² means squared. H is the Herfindahl–Hirschman concentration measure on the fractional-share scale.

Its inverse gives the share-adjusted number of firms:

$$N_s = 1 / H$$

The subscript s identifies adjustment for shares. Three equally sized firms give $N_s = 3$. Unequal shares produce a lower value.

N_s measures size-adjusted diversity, not independence, and is therefore only one component of **ENEA**. Firms may share an ultimate owner, coordinate decisions, or depend upon the same bank, platform, or supplier. Commonly controlled firms can be combined into control groups and the calculation repeated. Other dependencies require additional evidence.

The Central Limit Theorem provides another source of questions. Under specified conditions, suitably centred and scaled sums of many contributions approach a normal distribution. This does not prove market stability or imply that market prices must be normally distributed. It encourages examination of unequal contributions, dependence, and domination by a few actors.

ENEA is an instrument panel rather than one definitive number. Public, private, and collective actors must all be considered. The objective is not equal-sized firms everywhere, but economic power that remains plural and democratically accountable.

Full framework

The complete versions of Appendices A2–A4, including additional formulas, definitions, and references, are available in [Rebuilding Social Democracy on my website](#).

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