
**THE RELATIONSHIP BETWEEN CORPORATISM
AND DEMOCRACY IN THE POST-DEMOCRACY¹**

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**ВРЪЗКАТА МЕЖДУ КОРПОРАТИВИЗЪМ И ДЕМОКРАЦИЯ
В ПОСТДЕМОКРАЦИЯТА**

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Резюме: Тази статия изследва влиянието на корпоративизма върху демокрацията в новите условия, създадени от постдемокрацията. Анализирана е ролята на глобалната компания, която се превръща в една от основните ключови институции в постдемократичния свят. Твърди се, че ограниченията, пред които е изправен неокорпоратизмът днес, могат да доведат институциите му до боклука на историята.

Ключови думи: демокрация, постдемокрация, неолиберализъм, конкурентен корпоративизъм, глобална компания, обществен ред

GROUNDS FOR THE BEGINNING OF THE POST-DEMOCRACY

For years now, modern researchers of democracy have noted in different ways that its development is associated with a certain „entropy“

¹ The issues analyzed in this article are part of the author's monograph „Post-Democratic European and World Government“, published in 2020.

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and a „decline in the democratic process“. That is why, studying this process, it is important to understand the forces that provoke this entropy and to adapt our approach to the study of the democratic process, taking into account these facts. We will focus more on the study „Post-Democracy“ (2012) by the English sociologist Colin Crouch.² In addition, we will note another fact, namely that the author’s political orientation is related to the current and future development of the social democracy, which largely explains the nature of the assessments about the future of the post-democracy. This fact leads authors like Ralf Dahrendorf to consider Crouch’s monograph on post-democracy as a „powerful call for left-wing politics“. Whether this is the case, we will find out in the course of our research and analyses of the problems that the development of the post-democracy faces.

The first question we will look for an answer to is – When are the conditions for the beginning of post-democracy created? Following the arguments and analysis of Colin Crouch, we have to note the fact that, according to him, post-democracy is a stage in the development of democracy that has begun in the third quarter of the 20th century. This period characterizes with the beginning of political changes that lead to a serious economic growth allowing to successfully achieve many important democratic goals. One of the achieved goals in this direction is to reduce inequality. Achieving this goal is the result of the concentration of democratic political power in the hands of the nation state that imposes certain restrictions on the abilities of the business to use its power single-purposefully. This marks the beginning of a process of rehabilitation of the constructive role of the state within the overall public life. When studying the reasons for the beginning of post-democracy, Colin Crouch notes that they are of a different nature and order. These reasons relate to serious changes in the structure and functioning of the post-industrial society. Along with the beginning of a number of professional groups that fail to create their own autonomous organizations to protect their political interests, there is a process of concentration of enormous power and wealth in the established multinational corporations, which in turn have a strong influence on the public opinion. This has proven to be a useful condition for bringing the political class closer to the representatives of the corporations. It is under these conditions that a new political elite is

² Colin Crouch is an English sociologist and political researcher, born on March 1st, 1944. His prolific academic career in studying the political and sociological processes of English society elevates him to certain heights in his professional development. He is an academician at the Academy of Social Sciences since 2008 and an associate at the British Academy since 2005. His fame is based not only on his authority as a scientist, but also on his role in the public life.

being formed. Its policy moves away from the specific needs of most of the ordinary people and has a particularly strong influence on the deepening inequality at the beginning of the 21st century. The need for governments to fight openly against the deepening social differentiation through constitutional reforms becomes a tangible reality that will direct its efforts to overcome successfully the broken relationship between the ongoing modernization and the reduction of inequality. Under these conditions, the neoliberal ideology has suffered a collapse, the consequences of which are evident still today. That is why Colin Crouch's thesis – that a certain distinction should be made between the tasks that a strong liberal society has to solve and the policy that a strong political democracy should pursue – sounds politically relevant. There is no doubt that a maximum democracy would be difficult to develop successfully without a strong liberalism, but the fact that contradictions and conflicts that often arise between these two different things should not be overestimated (Crouch 2004: 16-17). Colin Crouch warns that when studying the symptoms of the post-democracy one should not deal with just two concepts – „democracy“ and „non-democracy“. This would hinder the discussion on important issues related to the health of the democracy. According to him, „the idea of post-democracy helps us describe situations when boredom, frustration and disillusion have settled in after a democratic moment; when powerful minority interests have become far more active than the masses of ordinary people in making the political system work for them; where political elites have learned to manage and manipulate popular demands; where people have to be persuaded to vote by top-down publicity campaigns. This is not the same as non-democracy, but describes a period in which we have, as it were, come out the other side of the parabola of democracy“ (Crouch 2012: 28). Many of the symptoms mentioned here are typical of the modern democratic societies. It is these symptoms that are real evidence of the process of moving away from the maximum ideal of democracy towards the new post-democratic model. Colin Crouch's scientific depth and insight, regardless of his sympathy for the social democracy and the policies of the social democratic parties, allow us to see not only historically important facts related to the development of the democratic process, but also the facts present in our time. It is a matter of fatigue, boredom, disillusion, which turn out a fertile ground for dangerous to the democratic health interests of powerful minority groups, which try to dictate the agenda of the ruling democratic governments. In this case, I refer to the events related to the anti-racist riots in June 2020 in the USA, which have spread around the world with particular speed, and the inability of the ruling elites to deal with them. There is an accumulated

hatred of the „second-hand“ people, minority socially weak and ethnic groups, towards the ruling people, whom they accuse for the unfair treatment, the „political deafness“, the lack of audibility and solidarity with the problems of those groups of people who suffer the consequences of the deepening social inequality. This hatred confirms the author’s causes for concern that this „contagion“, stronger than the rampant viral epidemic, could penetrate the conditions under which the future post-democracy will develop, and could have a detrimental impact on it.

In the following definition of post-democracy, Colin Crouch provides also additional arguments for the nature of the post-democracy and its parabolic development. According to him, „post-democracy can be understood in this way. At one level the changes associated with it give us a move beyond democracy to a form of political responsiveness more flexible than the confrontations that produced the ponderous compromises of the mid-century years. To some extent we have gone beyond the idea of rule by the people to challenge the idea of rule at all. This is reflected in the shifting balance within citizenship referred to above: the collapse of deference to government, and in particular by the treatment of politics by the mass media, the insistence on total openness by government; and the reduction of politicians to something more resembling shopkeepers than rulers, anxiously seeking to discover what their „customers“ want in order to stay in business. The political world then makes its own response to the unattractive and subservient position in which these changes threaten to place it“ (Crouch 2012: 29-30). Moreover, the well-known techniques of modern political manipulation have a certain merit for falling into this situation, as well as the show business and the commodity marketing, well-known paradoxes of modern politics. It is an indisputable fact that most components of the democracy will survive in the conditions of post-democracy. But worth noting is Colin Crouch’s fear that in the long run we may see some erosion in this process of distancing, fed up and tired of the demands of a maximum democracy. As a result of the development of these processes, which develop in almost all democracies, Colin Crouch sees a danger to the welfare state, which he says „is gradually becoming residualised as something for the deserving poor rather than a range of universal rights of citizenship; trade unions exist on the margins of society; the role of the state as policeman and incarcerator returns to prominence; the wealth gap between rich and poor grows; taxation becomes less redistributive; politicians respond primarily to the concerns of a handful of business leaders whose special interests are allowed to be translated into public policy; the poor gradually cease to take any interest in the

process whatsoever and do not even vote“ (Crouch 2012: 31-32). This fact can be defined as a certain voluntary return to the positions that these groups have been forced to occupy in the conditions of pre-democracy. This symptom is found also in the most highly developed democracies, aiming for the future society in the modern world. An example of this is the USA, where there is a deep ambiguity in the post-democratic trend of growing distrust of politics and attempts to subject it to strict regulation. Obviously, in our opinion, in the conditions of post-democracy, regardless of its rapid parabolic development, there will still be tendencies and forms of return to earlier times. The problems related to the welfare state and its future, especially when it cannot manage the social inequality, the struggle between rich and poor, the pushing of the trade unions to the periphery of the society, have been the object of research by other researchers, sociologists, since the era of pre-post-democracy. Here we will focus on two of them. Ever in the 1990s, Alvin Toffler has published the results of his unique monograph „The Third Wave“ (1991), which he has described as a „large-scale synthesis“ based not only on a description of the old civilization in which many of us grew up, but also an attempt to understand a perceivable picture of a new civilization that flourishes before us. From the collision between the three waves in the development of the human society, an exploding change is born. According to Alvin Toffler, this change relates to „personal lives being torn apart, the existing social order crumbling, and a fantastic new way of life emerging on the horizon – asking the very largest of questions about our future is not merely a matter of intellectual curiosity. It is a matter of survival“ (Toffler 1991: 28). Describing the collision of the waves, the over-struggle between them, Alvin Toffler notes that modern humanity has made a great leap in its development and faces a profound social change and the greatest creative transformation of all time. According to him, this new civilization „will overthrow the bureaucracy, limit the role of the nation state and create semi-autonomous economies in a post-imperialist world. It requires governments that are simpler and more efficient, and also more democratic than all we know today“ (Toffler 1991: 33). Figuratively speaking, in „The Third Wave“ Alvin Toffler considers the problems he describes and analyzes as a necessary evil that will not be able to obscure his view of the future of a new civilization. It would not be exaggerated to say that the conclusion of this landmark study leads us to writing a „new code of conduct“ beyond the observed increased concentration of energy, money and power. These views of Alvin Toffler are defended by him in

his subsequent monographs like „Powershift“ (1996) and „The New Civilization“ (2000). The first study is devoted to the problems of power, in the development of which he sees the new era where the shift of power will be accompanied by certain strong tremors. According to him, we live in the „morning of the era of change of power... when the whole structure of power that connected the world as a unity falls apart. A radically different power structure is being formed. And this happens at all levels of the human society“ (Toffler 1996: 13). No matter how different feelings and ideas the power provokes in us, let us not forget the fact that to a large extent we, the people, are also products of the power. An in-depth knowledge of the mentioned monographic studies of Alvin Toffler allows us to conclude that in the search for a new civilization in a far-sighted way, he has described and analyzed problems related to the pre-post-democratic era, some of which are largely present in the conditions related to the parabolic development of the post-democracy. In support of this conclusion, here we will note also the theses of Alvin Toffler and Heidi Toffler, defended in the mentioned monograph „The New Civilization“ (2000). We will focus only on one of the theses defended by the mentioned authors. It is about the role of the trade unions, which are really pushed to the periphery of the social and democratic development of the modern societies, especially after the changes in the nature of labor, demassification of production and the new forms of labor organization associated with the demand for a new kingdom of the network society (Toffler, A., H. Toffler 2000: 32). The way out of the described „death“ of the trade unions, in our opinion, is to find new forms of participation in the governance of the companies and the state institutions which build the backbone of the post-democratic era and above all guarantee the future of a modern democratic welfare state. To clarify the future of this country in the neoliberal model, we will briefly discuss the views of the sociologist Anthony Giddens, author of the monograph „The Third Way“ (1998). In his dispute with the defenders of the neoliberal perspective, according to which the modern welfare state has a detrimental effect on the civil order, but markets, on the contrary, play a stimulating role in the development of individual initiative, the mentioned author notes the following: „Hostility to the welfare state is one of the most characteristic features of neoliberalism. The welfare state is seen as the source of all evil. In the same way that capitalism was once understood by the revolutionary left“ (Giddens 1998: 21). Unfortunately, here, too, we encounter those contradictions discussed in Colin Crouch’s monograph on the future of post-democracy. This fact is not accidental, given the fact that both authors belong to the so-called „left

powers“ that defend the future of the welfare state in the conditions of post-democracy. Drawing attention to the contradictory nature of the relation between the attachment to the free market, on one hand, and to the nation and the traditional families, on the other, Anthony Giddens concludes: „Nothing else decomposes tradition as much as the „permanent revolution“ of the market forces“ (Giddens 1998: 23). As a defender of the social democratic views and values, Anthony Giddens pays serious attention to the ongoing processes of reforming the views of the European social democratic parties, aimed at expanding the topics and issues related to economic productivity, participation policy, ecology and development of individual social communities in the developed capitalist societies. In the process of the social development sliding towards the post-democratic politics, regardless of the different nature of the reasons that have risen it, a vacuum has emerged where economic globalization, supported by powerful large corporations beyond the capabilities of some nation states, has successfully settled for now. In this rush of the capitalism towards globalization, democracy simply could not hold. „It can govern at best certain groups of countries, but the most important of them – the European Union – is premature compared to the vital giants corporations. And its democratic quality in any case is low even by the minimum standards“ (Crouch 2012: 38). The sharp criticism of the capitalist relationships is characteristic of the views of the social democrat Colin Crouch, who, however, sees certain opportunities in the development of the neoliberalism, as long as it realizes the need to open to the possibilities of the social democracy within the welfare state and its abilities to intervene successfully in the modern democratic states. Whether this can happen in post-democracy, the future will tell!

CORPORATISM AND DEMOCRACY IN THE POST-DEMOCRACY

Before proceeding to analyze the relationship between corporatism and democracy in the new conditions of the post-democracy, we will focus in more detail on the role of the global company as a key institution in the post-democratic world. For most of the 20th century, the European left wing sees the company not so much as an institution but as a device that reaps the fruits of the profits of the owners and the exploitation of workers. Later in the years of the growing abundance, in the 3rd quarter of the 20th century, with the beginning of the mass consumption, as Colin Crouch notes, „the company could now be taken anymore for granted – as a convenient milk-cow“ (Crouch 2012: 40). This period, known as Keynesian one, is characterized with an orientation of the political parties

and their policies towards a macroeconomic policy. The inflation crises of the 1970s have led to the collapse of the Keynesian paradigm, and the aggregate demand levels have proved unprotected, leading to some uncertainty in the commodity markets. The relatively rapid technological change and the innovations have intensified the global competition, creating even more demanding consumers. Companies that have maintained their entrepreneurial spirit have already been losing ground. According to Colin Crouch, in these conditions new processes have developed creating new problems. „The gap between successful and unsuccessful has increased significantly; bankruptcies and unemployment have risen. The survival of just the successful enough companies were no longer guaranteed. Lobbies and pressure groups working for the interests of the corporate sector were more likely to be heard“ (Crouch 2012: 41). A number of other changes followed that went beyond the company’s claims, but did not turn it into disabled, but rather a pretentious being which found it difficult to adapt to the new conditions created by the corporate sector. This is evidenced by the fact that if the owners of a global company do not like a certain tax or employment regime in a certain country, they threaten to move to another country. In this way, they have the opportunity to gain access to governments and other political powers when they demand a reduction of corporate taxation and other tax incentives. The implementation of this policy forces the companies to make what economists call „sunk costs“. In fact, these are the costs of the companies for establishment on a foreign market, like market research, advertising, building logistics structures and more. What is specific about these costs is that they are made by the company before it has realized incomes from its own activities. The successful implementation of the shareholder principle has become a demand for maximizing the value of the shareholder participation, which in turn has set the requirement for creating conditions for a fast change of activities. It was in these conditions that the process of maintaining the main business was created, and the additional activity was assigned to subcontractors. Taking into account the impact of the mentioned processes and activities, Colin Crouch clarifies that: „The goal of a successful company is to be located mainly in the financial sector, because the capital is most mobile there, and for everything else to conclude subcontracts with small uncertain units... The role of a successful company, free from any essential tasks, is just to connect the names of brands with attractive images, concepts, celebrities; the products holding the brand will be bought because of the associations with them – almost regardless of their actual quality“ (Crouch 2012: 47). This is how at the beginning of the 21st century the company looks far weaker institution

than its prototype. It is no longer a solid organization with a large high-rise building, where the headquarters with a large administration is located. It is rather a soft, flexible structure with a constantly changing purpose. It is also worth analyzing the connection Colin Crouch makes between the corporate elite and the political power. According to him, „companies are not just organizations, but a concentration of power. Their model of ownership creates a concentration of private wealth, and the more important companies become, the more important the class of capital owners becomes“ (Crouch 2012: 53). The policy of lobbying to the relevant government has gradually given way to strengthening the power of the large corporations and those employees who hold key positions in them. This is, in fact, the process by which the power that these structures have in the companies becomes a much broader and stronger political power (Crouch 2012: 56).

Historical analysis of the problems with the future of corporatism shows that in its various forms of manifestation it has encountered the democracy. More clearly, this encounter has taken place under the authoritarian or state corporatism and under more complex conditions created by the neo-corporatism. If we have to determine which is more important – the tension we have mentioned, or the support that neo-corporatism offers to the effective democracy, then the concrete answer will present the grounds of a very important debate. In the context of this debate, we have to note that the pre-war corporatism was created in the conditions of coercive authoritarian structures, mainly related to fascism, and was defeated at the end of the war by two powers – liberal democracy and state socialism. Surviving to some extent after the war in countries with maintained neutrality during the war, like Portugal, Argentina and other Latin American countries, this corporatism was thoroughly studied by Schmitter and defined by him as „too different, liberal corporatism“ – called societal. Under it, the organizations of employees and employers cooperate voluntarily with each other and with the government. As a result, permanent compromises are reached, which make it possible to earn certain benefits for their members and, above all, without harming the very national economies (Crouch 2012: 139). As a result of the emergence of a new generation of the leaders of the labor movement aware of the threats of violating the social order, along with the changes in the views of the conservative and liberal elites, a „broad consensus was reached on the idea of governments using different policies to prevent large-scale recessions, evidenced mainly by rising the unemployment rates“ (Crouch 2012: 141). The fear of inflation in the face of uncontrolled rising prices has posed a very strong dilemma for the democratic economy striving for

full employment, and the answer has come soon enough. This answer to the mentioned dilemma has turned out to be the neo-corporatism. As the role and importance of the trade unions has weakened, it has become clear that their neo-corporate role is no longer so necessary. Thus, under these conditions, the agenda of the neo-corporate affairs shifts from inflation to employment. Again, where the unions have been strong, they have regained their strength and ability. After strong discussions, the trade unions together with the employers manage to adopt a platform for improving the work of companies and entire sectors. In the course of the mutual concessions, the trade unions were able to protect the right of their members „to improve their skills“, and employers insisted on „improving capital intensity“, which ultimately led to the usual reduction in the number of workers (Crouch 2012: 144-145). The mentioned processes have ultimately led to certain changes in the balance of power, in favor of the employers. Under these conditions, workers often had to agree to smaller wages and worse working conditions. Attempts by transnational groups in the European Union to prevent this situation have given birth to practices known as „ruin the neighbor“ (Crouch 2012: 146). This marked the beginning of a strong conflict between „competitive corporatism“ and the European one as two levels of the modern neo-corporatism. With the introduction of the single European currency, the process of moving away from the nation state has developed and deepened in most modern industrial societies, and the more and more global companies successfully develop at supranational level, such as within the European Union.

The ambiguous nature of neo-corporatism created a certain tension between it and the formal democracy of elected parliaments and governments. Drawing attention to the fact that neo-corporatism represents the interests only of manufacturers, who are the only ones who can govern the industrial relations, Colin Crouch notes that „the formal democracy is not subject to such restrictions and therefore the more the democratic political system has to share power with the neo-corporate economic representative system, the less flexible and responsive, the less open to new topics and to non-manufacture problems the political organization of society will be“ (Crouch 2012: 164). Historically, the constraints the neo-corporatism faces today can lead its institutions to the dustbin of history, to where other structures from the time of the tidal wave of the industrialization are moving. Who knows how much longer the neo-corporatism can linger, wandering in the less and less places in the public organizations, but what can we do, these are just the anomalies that history often witnesses.

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