Global Capitalism, National Sovereignty, and the Decline of Democratic Space

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The contraction of the public sphere is not simply a local or national issue, but is a consequence of the structure of global capitalism. This paper argues that resources for deliberative democracy will emerge from an appreciation of the interdependence of the economic structures and democratic possibilities.

The end of the twentieth century has seen the collapse of the Soviet regime; the emergence of democracy in parts of Latin America, Eastern Europe, and East Asia; new market policies in China; the economic “miracles” of countries such as South Korea and Taiwan; and neoliberal policies that spawn both economic growth and inequality almost everywhere. In these new circumstances the leadership and policies of states generally have been less “ideological” and more “pragmatic,” less “welfare-oriented” and more “market-oriented.” Within the context of these changes there have been two other tendencies that are discussed in this essay: (1) the relative decline in the sovereignty of nation states and the narrowing of state functions and (2) the decline of class politics and the consequent extension of market rationality at the expense of social solidarity and democratic discourse.

All these changes are interrelated, and all of them pose challenges to democracy. Nations, at least ideally, have constituted their members as citizens, just as citizens have created constitutions that guarantee their civil rights. The decline of state sovereignty undermines this civic function. Similarly, the narrowing of the activities of the state—from building solidarity by providing social protections toward a more market orientation—has been paralleled by an increased penetration of corporations into the lifeworlds of family, community, and consumption. Class politics focused largely on issues of welfare, inequality, and the conditions of work, and thereby posed a barrier to capitalist ideology and profit extraction and, as such, defended a more democratic social political order. Thus class politics provided important forums for democratic debate. In sum, increased economic globalization and neoliberal ideology, further penetration of capital into formerly public spaces,

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the narrowing of state domestic activities and of class politics, all convene to limit the social space and resources for democratic discourse, and therefore democratic action.

**The Extension of the Market and the Narrowing of Civic Space**

Even as states lose their sovereignty externally, internal public spheres in many nations also are declining. An underlying cause of this decline is increased internationalization of business and competition. Moreover, as corporations respond to greater competition by expanding their operations transnationally, they can escape the constraints of taxation, regulation, and wage and welfare requirements of democratic capitalist states. Global corporations can export jobs through an international division of labor, they can play off individual countries or locales against each other, and they can choose their sites of investment, production, tax, and residence as they wish. “Top executives can live where there are safety and good schools for their children, invest where the return is greatest, and pay taxes where it is cheapest.”¹ These conditions have also contributed to slow growth in various core economies since the 1970s, and a consequent loss of tax revenues and fiscal crisis for such states.

There have been two major responses by governments to these interrelated conditions. One has been to reexamine the functions of the state and find ways either to abandon them or to perform them more cheaply or effectively through privatization, contracting out, or more entrepreneurial government. A second, more important response has been to give greater freedom to capital to penetrate more and more areas of social and personal life.

The public sector also is being “reinvented” to be more agile and entrepreneurial as people demand more public services while being prepared to pay less in taxes to fund them, and as fiscal limits push governments to get more for less.² Basic principles of business management, such as flatter hierarchies, use of competition wherever possible, staying close to the customer, and decentralizing authority are now being applied in the public sector.³ For example, communication technologies, whether in private or public enterprises, enable senior bosses to know exactly what work employees are doing and when they are doing it. This also enables firms and bureaus to “downsize,” that is, to fire many middle managers, supervisors, and clerks, and thereby report gains in productivity of the workers who remain.

Another broad response to low productivity, fiscal pressures, and international competition has been to extend corporate control to realms of language, emotions, ideas, and activity that previously were reserved for civil society. For example, the percentage of middle-class women in the paid labor force declined in the United States until about 1970, when it began to rise as the American middle class started to diminish in numbers and shares of national income and wealth. Then more middle-class women had to join or remain in the paid labor force in order to retain a middle-level
family income. This shift has been cultural and civic as well as economic, for it also involves a significant change in where women invest their time and affect. In 1960 only 10 percent of married women with children under six years old were employed in the paid labor force. By 2000, about 70 percent were. As women leave the domestic sphere, the job culture expands at the expense of the culture of family and community. Despite its defects, the role of women as guardians of the home did provide a barrier to the commercialization of the lifeworld.

Market activities are piercing temporal as well as spatial boundaries. For example, 24-hour stores proliferate, ATMs permit around-the-clock banking, and “Blue Laws” forbidding commerce on Sundays are eroding. There are fewer hours, days, and spaces free of commercial activity. This change squeezes out noncommercial social activities, including civic involvement. The choice of going to a PTA meeting or a neighborhood picnic becomes a major decision if there is so little time and so much fatigue. Commercial television becomes a preferred alternative. It occupies the children and relaxes the parents.

The market also has invaded areas of private and civic life such as emotions, leisure, and traditionally not-for-profit sectors such as education or care for the elderly or ill. Shifts in the occupational structure (percentages of total jobs in different categories) are bringing our emotions more fully into the marketplace as growing numbers of U.S. jobs are in the service sector. Service jobs are much more likely than manufacturing jobs to involve face-to-face interaction with clients or customers, and therefore to require the management of personal emotions and facial and bodily expressions to advance commercial transactions. Through job training, the market sculpts the emotions of increasing numbers of persons. Flight attendants, sales personnel, nurses, and funeral directors are only a few types of employees for whom “the emotional style of offering the service is part of the service itself.”

Social life has always required some management of emotions. We are expected to be happy at weddings and sad at funerals. What is new is that, increasingly, we are asked to instrumentally manipulate our “natural” feelings in the service of large commercial organizations. As emotions increasingly are for hire in the workplace, we are expected to sell not only our hands and brains, but also our feelings. As such, emotions are the focus of intensive engineering, administration, and training by employers. To that extent, emotional energy is drained away from informal civic participation. This represents an intrusion of the market into the innermost recesses of our being, both as private individuals and as public citizens.

The intrusion of market rationality into formerly autonomous social spheres, like nonprofit hospitals, public education, or voluntary blood drives, undermines the strength of civil society in relation to the corporate state. As the practices and institutions of civil society become “permeated by market principles, they lose their capacity to offset market outcomes or to offer alternative moralities. One recurrent market outcome is ever-increasing economic inequality.” Similarly,
when state policy becomes infused with economic rationality, it exacerbates economic inequality rather than mitigating it. The 1981 U.S. tax law, passed in the name of increasing investment and national competitiveness, also contributed to a tremendous increase in economic inequality. The tax law of 2001 also is likely to starve public services, threaten social security, and further increase economic inequality between the top 20 percent and the rest of society. This trend is global. The United Nations reports that the incomes of the world's richest 20 percent grew three times faster than the incomes of the poorest 20 percent from 1960 to 1990. All these factors narrow public space and the possibilities of informed, active citizenship.

Political disaffection also is fostered by the financing of elections by corporations and wealthy individuals who, in the United States for example, pay for about 80 percent of both Republican and Democratic campaigns. Corporate influence also may be increased as some national functions devolve to particular regions or provinces. Indeed, devolution often intensifies rivalry between sub-national units for corporate investment. Because each provincial unit fears losing business and jobs and seeks to attract new ones, they tend to offer corporations tax breaks, lax labor laws, and local facilities at the expense of more general social investments. These corporate-friendly policies often prove imprudent, however, because the public cost of each new private job that is created often runs into the hundreds of thousands of dollars, leaving less money for public spending on education, community development, job training, and the like, all in the name of more entrepreneurial government. Transnational firms have similar leverage in playing countries off against each other at the international level.

Further, programs of public opinion management and employee participation often extend organizational control into the inner lifeworld of employees/citizens. Such control by corporate decision makers does not rest on any democratic consensus, but on consent manufactured in the media and in the workplace, reproduced in routine everyday practices, and hidden by an assumption of open contractual relations of a free marketplace of things and ideas. Moreover, "the anti-democratic character of corporate control is more difficult for individuals to understand and respond to than excesses in state control. While the state's power is exercised primarily through restriction, corporate organizations provide 'disciplinary' structures embodied in routines and technologies that appear to be empowering and apolitical."

The Decline of Class Politics and of Democratic Life

As state sovereignty declines, so does class-based politics within nations, especially those with postindustrial occupational structures. In the United States, for example, although about a third of the GDP (gross domestic product) is manufacturing, traditional industrial workers make up only 11 percent of the labor force. In place of
an older working class and local or national patricians, new shared identities and political groupings emerge. Among these is a new transnational bourgeoisie. As the solidarity and power of older economic elites become less concentrated, an international class of capitalists emerges at the global level, along with transnational organizations that are responsive to their interests. Thus, the balance of class forces is shifting away from individual national states and their respective labor forces toward an increasingly mobile and interdependent global capitalist class that operates through such institutions as the United Nations Security Council, the Group of Seven, the European Economic Community, and the International Monetary Fund, and that has little or no democratic accountability.

With the weakening of the politics of nation states, a politics of ethnicity, lifestyles, and identity assumes greater importance. Accelerated globalization, intensified communication between groups and cultures, and increased skewing of wealth and income due to neoliberal policies all tend to undermine national unity and to relativize nationalistic absolutes. This may lead to greater diversity and tolerance for difference, but it more often has encouraged jingoism, ethnic particularism, and the decline of civic culture. Moreover, insofar as cultural characteristics are less mutable than economic or political ones, they are less easily compromised. In Russia, for example, former Communists can become capitalists, the rich can become poor and the poor rich; but Russians cannot become Chechens and Azeris cannot become Armenians. In class conflicts, the key question is, “Which side are you on?” and people can and do choose sides and change sides. In conflicts between cultures, however, the question is, “What are you?” Here the self is at stake, a self that is essentialized as a given that cannot be changed. Much the same is true of fundamentalist religious convictions that also enter the gap left by the decline (or lack) of the nation-state as a source of identity.

Another reason why class politics is fading within nations is that integrated economic interest groups are declining as distinct entities with self-conscious collective identities. Neither “farmers” nor “workers” are sufficient in numbers or political importance to be economic estates in developed countries, nor do these groups remain socially distinct. Before World War II there were self-defining social groups such as “self-respecting working people,” “farmers,” and “businessmen” in both small towns and big cities. These identities and values are dying out in developed economies. The remainders, such as “cloth cap” workers in northern England and Scotland or peasants in Sardinia are now considered “backward.” Instead, today’s “farmers,” such as Dutch dairy managers, are as computer literate as “businessmen” such as Hong Kong commodity brokers. The remaining blue-collar steel or automobile workers at first glance are clearly workers, and may display class markers such as a preference for beer over wine. But they otherwise merge with the petite bourgeoisie. The union members’ concerns are now their mortgage, their August vacation, and their retirement pensions. They see the same television programs as
everybody else, and they buy the same consumer goods at Wal-Mart, Corte Engles, or Samaritaine. They define their status not only through their economic interests but also through their lifestyle and consumer choices. As part of this shift, there has emerged a “post-materialist consciousness” in many sectors of economically advanced societies.

As consumption becomes a major source of identity, lifestyle is replacing working-class culture, even for auto workers, and this change also undermines political activism based on class solidarity. Indeed, questions of class politics and the weakness of the Left today appear to many as nineteenth-century issues. In the postindustrial or postmodern economy, blue-collar assembly line workers are replaced by or become pink- and white-collar personnel, and robber barons are replaced by casino capitalists and new economy netsters.

The fuzziness of the concept of, and the experience of, being “middle class” also undermines class politics in the United States and other core countries. Yet the composition and political alignments of the middle class remain crucial. Most Americans, regardless of their actual economic position, identify themselves as middle class—the dentist making $300,000 a year and his receptionist making $30,000 both are likely to call themselves middle class. Further, no progressive government policy is likely to be enacted without middle-class support, and this usually means that the policy in question includes advantages or entitlements for the middle class as well as for the working class or poor who, in any case, are much less likely to vote. The perceived success and political untouchability of Social Security is perhaps the prime example of such a progressive program with broad middle-class support.

Despite its centrality, it is difficult to characterize the middle class, partly because it includes such a wide variety of occupations and cultural orientations. Thus, it is equally difficult to identify a particular “interest” of the middle class in Marxian terms, especially as their voting behavior often is highly skewed. Social scientists have sought to explain these apparent anomalies. C. Wright Mills saw the middle class as basically apathetic, with no guiding political or social interests. He may have been right, though for the wrong reasons, because during the period in which he wrote there was a sustained economic boom that broadened the middle class enormously, thereby giving rise to satisfaction that could easily be taken as apathy. Second, Mills wrote at the height of the Cold War, when national solidarity in many countries was especially promoted and class consciousness and interests suppressed.

Ronald Inglehart and Anthony Giddens also take up these questions, and both see middle-class persons as defining themselves increasingly in nonmaterialist terms. These shifts, they argue, have become possible with the greater affluence and freedom from necessity characteristic of the new middle class. According to Inglehart, “people’s basic values and goals are gradually shifting from giving top priority to economic growth and consumption, to placing increasing emphasis on the
quality of life.” Inglehart’s research focuses on a variety of values he considers postmaterialist. These include religion, gender, and the environment, as well as job satisfaction at the workplace. In a similar spirit, Pierre Bourdieu dissects status competition between middle-class occupational groups. Small-business persons and professors, for example, may have roughly equivalent incomes but very different status markers, reference groups, and political orientations. Whether because of material or symbolic differences of interests, this yields a differentiated politics within the middle class. Thus part of the middle class may be on the Left while another part is on the Right.

In sum, for some scholars a new middle class is emerging based on ideals, morals, and lifestyles rather than traditional economic issues. Yet postmaterialist or lifestyle arguments about middle-class values and politics have a number of difficulties. First, there is nothing particularly new about a politics of status, which is essentially what these authors describe. The revival of Protestantism in the United States in the latter part of the nineteenth century is an example. Political reformers at that time fought for the vote for women, the creation of the welfare profession, the prohibition of alcohol, and other issues of status or lifestyle that were value-oriented and nonmaterialist. Second, such a politics is not unrelated to economic position, at least in the minimal sense that protection or enhancement of group status is an excellent albeit indirect way of defending class privileges and excluding or co-opting those thereby defined as inferior. In the example of the Protestant revival, the inferior group was the recently immigrated non-Protestant proletariat who were thought threatening by earlier arrived, now middle-class, Protestants. Third, the concept of freedom from necessity—asserted as a precondition of postmaterialism—is clearly a social definition and, hence, its theoretical use requires sociological justification. What are considered “necessities” by some might be “wants” for others.

Since the collapse of a vital liberalism in the 1980s in the United States and elsewhere, the dominant conceptions of activist politics have been a left-wing pursuit of racial and sexual liberation and self-expression, and a right-wing advocacy of “traditional values” and unregulated capitalism. The American Right is composed of authoritarian traditionalists who are usually based in evangelical religions, and of libertarians or radical individualists, including laissez faire businessmen, financiers, and investors. Much of the white lower-middle class that has supported “traditional values” and voted Republican in recent decades has experienced a loss of status and income. They tend to blame their decline on the relative increase of respect and opportunities for women, minorities, and gays, and on the “cultural elite” that supports multiculturalism, affirmative action, feminism, and the like. Thus they attack “welfare queens” (assumed to be black) and internationalists (assumed to be heavily Jews, à la Pat Robertson). As one Alabama congressman put it, the liberals “put the Negroes in the schools, and now they’re driving God out.”
In fact, however, the major transformations of America since the early 1960s have had little to do with sexuality, Communists, or desegregated schools. Instead, the central shifts came from changes in the global political economy and America’s relative decline within it. With the economic recovery of Europe and Japan, and the industrialization of many emergent economies, there was an invasion of foreign goods into the United States, “which were often better made, cheaper, and more useful than American ones. By the 1970s, this invasion would devastate much of the old industrial economy of the United States, including the high wages for industrial workers that for years Americans had taken for granted. This unprecedented competition . . . within the once largely impregnable American market, would indeed turn the world upside down for most Americans and contribute to the selfishness and xenophobia of the Republican right.”

But this structural decline in American economic growth that began about 1970 was largely ignored by liberals, and its profound consequences for American society were both denied and exploited by conservatives, even as growth in American productivity and hourly wages stagnated or fell and the national debt increased. These trends slowed for a time only in the late 1990s, after a radical restructuring of the American social economy, which became “better” in terms of productivity and competitiveness, and “worse” in terms of inequalities of income, wealth, and access to democratic participation.

In its focus on identity politics, Left liberals and radicals also largely ignored these paired phenomena. Indeed, for both the Right and the Left, issues of economics and of social values have become uncoupled. While this is often interpreted as a sign of the demise of working- and middle-class politics, it could rather be interpreted as a victory of the dominant capitalist class: their core positions, on issues of fiscal, economic, and tax politics, are today largely unchallenged. In this view, lifestyle or identity politics is less a sign of the obsolescence of categories of Left or Right, or of a postmaterialist orientation of the middle class, much less of the end of class politics. Instead, it is a sign of the capture of political discourse and agendas by the corporate elite, whose class interests have come to be defined by both Left and Right as the accepted and largely unchallenged middle. Thus, while significant elements of both the Left and the Right are engaged in a postmaterialist politics of identity or status, the state has been increasingly captured by an economic upper class.

Thus the state not only is being limited by privatization, deregulation, and the loss of sovereignty and cultural integrity. With the internationalization of finance, manufacture, and commerce, growing inequality and corporate power, and the weakening of class politics, the state also is redirecting its activities toward promoting the interests of those elites who are closely linked to the transnationalized sectors of the economy. Conversely, the state has done little to create conditions for other groups either to participate in the new world society or to defend themselves
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against its worst effects. Despite Tony Blair’s triumphalism, for example, only three of England’s ten administrative regions (London, the South East, and East Anglia) “reach or exceed the national average wealth per capita. All the rest are poorer, some far poorer.” Moreover, for the first time in modern British history, those who abstained to vote in the election of 2001 (41 percent of the electorate) far exceeded those who voted for the “victorious” labor party (25 percent). Many of the abstainers were displaced older workers who feel unrepresented by New Labour but as yet, politically, have nowhere else to go. Instead, in all the economically advanced societies, competitiveness, consumption, and entrepreneurship are the key words in the new discourse of governments and business organizations alike.

**Toward a Conclusion**

These ideological and material conditions make it difficult to consolidate or expand democratic regimes. Democracy, however defined, presupposes inclusion in a common patrimony: the republic in its conception as *res publica* or “everybody’s affair.” But competitiveness, inequality, lack of solidarity, and poverty mean exclusion. “The idea that the country belongs to everyone, does not work when there is ample evidence that it is owned only by some. The greater the social polarization, the weaker becomes the idea of community. In the case of the United States, pundits attribute the increasing distances between rich and poor to the policies of the Reagan and [first] Bush administrations,” but the trend became even more evident under the administrations of Bill Clinton and George W. Bush.

The states of the European community provide a similar example. State sovereignty is undermined by European economic union, and so is democracy insofar as the bureaucrats of Brussels are not accountable to popular mandates. The freer movement of capital destabilizes traditional employments, whereas the freer movement of labor threatens nationals with greater wage competition. Extensive welfare benefits provided by many European states also are in danger as nations increasingly cannot afford them. Thus we see a rise of reactionary nationalist parties such as the National Front in France, Shönhuber’s *Republikaner* Party and Frey’s DVU in Germany, and Jorg Haider’s Freedom Party in Austria.

Seen in these ramifications, global capitalism and postmodern culture both pose threats and challenges to democracy, citizenship, and civil society. Global capitalism shifts the locus of the formation of decisions far from those most directly affected by them. It undermines the importance of the nation-state, which historically has been the context of citizenship. Capitalism also invades the lifeworld and commercializes everyday civic practices. Likewise, cultures of consumption fragment personal identity and thereby undermine the integrity of the self. Yet, in the Western tradition at least, to act as a citizen has meant to act as a whole moral person in the public sphere. As this public sphere is diminished, and as integral selfhood becomes
harder to maintain, the role of the citizen becomes more difficult to enact. Further, postmodernity encourages the proliferation of a multiplicity of dissonant language games apparently at the expense of any lingua franca that might be the medium of civic discourse.

At the same time, however, global capitalism often breaks down autarkic economies and the despotisms and oligarchies that depend on them. The transparency required by lenders, and the availability of Internet communication, for example, were key factors in the political successes of both the radical Sub-Commandante Marcos and the reformer President Vincente Fox. In other developing nations such as Thailand, Peru, India, Egypt, or China, global capitalism also has encouraged the formation of larger middle classes that, since Aristotle, have been viewed as central to democratic cultures. Further, cultural mutations and hybrids often promote criticality and resistance against political and other totalisms, and imply a tolerance that could support more pluralistic public cultures.

Amidst these contradictions, it appears that democracy has reached an important juncture. While much of the world struggles for human rights and democratic political institutions, meaningful public participation is declining in the great state democracies of the West. Riding the wave of neoliberal ideology, the transnational market economy is gradually substituting economic for political decision making. Cultural tastes, distributions of wealth and income, personal identity, the use of natural resources, and definitions of core values are increasingly coming under corporate control.

Corporations readily make decisions for the public, but these are rarely grounded in democratic processes. Indeed, political leaders in state democracies rarely criticize corporate domination because they are usually dependent on corporate campaign funding and are complicit in the processes of corporate control. Resistance also is limited by obsolete understandings of communication processes and power relations. For example, almost everyone may have freedom of speech, but freedom to communicate through the mass media is largely restricted to those few who can pay for it. Similarly, for most people issues of democracy, representation, and censorship concern the relationship of individuals and groups to national governments. Yet most of the erosion of democratic decision making is due to the increased role of transnational, nongovernmental corporations and the relative decline of the role of the state. Most people's participation in democracy, if any, is limited to occasional involvement in elections and meetings. Thus, the potential for democracy vested in the workplace and in everyday life is often overlooked. And yet it is in the day-to-day world of work and in ordinary conversations and discussions that political attitudes and collective judgments are formed by democratic publics, which may be later expressed in opinion polls or voting. And it is in these daily deliberations, including conversations with workmates, that democracy either exists and makes a difference or is co-opted by dominant organizations.
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Notes

15. Inglehart, Modernization and Postmodernization.