3. Federalism, subsidiarity and social capital

Church and democracy: the subsidiarity principle

The Catholic Church has never been a lover of democracy. Until far into the twentieth century, Catholic leaders defended their standpoint that the Church’s divine status gave it the right and the obligation to be involved in shaping political activity. Christian democratic politicians in particular were expected to adhere to the directives from Rome. For example, Pope Pius X, in ‘Fin dalla prima nostra enciclica’ in 1903, wrote: “In fulfilling its responsibility, Christian democracy has the heaviest duty of dependence on religious authority and it is subject to and owes obedience to the bishops and anyone who represents them. It is neither praiseworthy diligence nor sincere devotion to undertake something that is essentially really beautiful and good, but which has not been approved by the authorised Church representative.”

However, the Church also demanded obedience from society as a whole. In the encyclical letter ‘Immortale Dei’ (1885), Pope Leo XIII stated that it was wrong to place the various forms of divine worship on the same footing as the true religion. The Church has always remained steadfast on this standpoint. As self-appointed guardian of absolute truth, it could hardly do anything else. Experience has shown in Poland, Ireland and Italy that the Church also tries to impose its views on society as a whole through governments, if it feels it is in a position to do so. Not until 1944, with the encyclical letter ‘Ài per la Sesta Volta’ (Pius XII), did the Church adopt in principle a position in favour of democracy (Woldring, 1996). The Church’s aversion to democratic ideals explains why Catholic politicians so strongly resisted the introduction of universal single voting rights (against which, incidentally, they used more or less the same arguments that are now levelled against direct democracy).

We should, therefore, treat with some caution the claim that the Catholic Church also formulated a theory of government based around the concept of subsidiarity. The encyclical letter ‘Quadragesimo anno’ (1931) formulated this as follows: “…it is true that on account of changed conditions many things which were done by small associations in former times cannot be done now save by large associations. Still, that most weighty principle, which cannot be set aside or changed, remains fixed and unshaken in social philosophy. Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice, and at the same time a grave evil and disturbance of proper order, to assign to a greater and higher association what lesser and subordinate organizations can do. (...) The supreme authority of the State ought, therefore, to let subordinate groups handle matters and concerns of lesser importance, which would otherwise dissipate its efforts greatly. Thereby the State will more freely, powerfully, and effectively do all those things that belong to it alone because it alone can do them: directing, watching, urging, restraining, as occasion requires and necessity demands. Therefore, those in power should be sure that the more perfectly a graduated order is kept among the various associations, in observance of the principle of “subsidiary function,” the stronger social authority and effectiveness will be, and the happier and more prosperous the condition of the State.”

‘Subsidiarity’ is a key concept in Christian-democratic ideology. The basic idea is that the ‘higher’ levels delegate as many tasks as possible to the ‘lower’ levels in order to unburden themselves from less important work, which, moreover, can be more efficiently performed by those lower levels. A further premise is that the lower levels, right down to single individuals, are treated unjustly if there is no delegation. However, the initiative of delegation is a top-down one. It is the higher level which determines how much room for manoeuvre the lower levels shall receive, and when and if their freedom of action shall be withdrawn. This is also expressed in the term itself. ‘Subsidiarius’ means ‘reserve’ or ‘auxiliary’ (as of soldiers); the lower levels are effectively the auxiliary soldiers for the higher levels.

Subsidiarity and federalism

‘Federalism’ is the opposite of ‘subsidiarity’. In a federalist society, delegation comes from individual citizens themselves. Federalists also maintain that injustice is created if tasks are not delegated, for people are social animals and depend on each other. Nevertheless, subsidiarity differs fundamentally in spirit from the principle of federalism. Federalism proceeds from the individual, because not only conscience and moral judgement, but also the experience of life’s joys and sorrows, are individual traits. Groups do not suffer as such and, even more significantly, have no conscience. Subsidiarity, on the other hand, issues from a power which stands above the individual person and which ‘benevolently’ creates space for the activities of the lower levels and the individuals.

The federalist idea can be easily linked to the democratic ideal. But the connection is even closer than this: direct democracy and federalism are the two inseparable sides of the same fully democratic coin. The concept of subsidiarity, on the other hand, is irremovable from full democracy, because the former is based on a given a priori authority. In the theory of subsidiarity, the Church’s hierarchically structured model is exported to the secular state. In the federalist concept, it is individuals who form the highest level, for it is ultimately individuals who determine what is delegated to which level. For the proponents of subsidiarity, this right of decision lies with the state (which from a Church perspective is still subordinate to ‘divine’ power) and the individuals find themselves on the lowest level.

The Catholic Church did not, perhaps, invent the term ‘subsidiarity’, but it has taken it over and propagated it with great success. The ideology of subsidiarity, for example, has taken root strongly in EU circles. In these circles there is often very ambiguous talk about the direction (from individual to society or vice versa) in which delegation occurs, so that a disastrous confusion has arisen between the terms ‘federalism’ and ‘subsidiarity’. Many people nowadays use the term ‘subsidiarity’ when they actually hold federalist ideals. Even staunch federalists confuse the terms, often with significant consequences. They frequently forget that a federalist structure logically begins with the individual. They only allow the federalist argument to start at a much higher level, such as the community or even the entire nation. For the lower levels and the individual, they unwittingly adopt the old subsidi-
arity idea of the Pope and the Catholic Church. This strips the federalist argument of much of its appeal and inner consistency, and the logical link between federalism and direct democracy is lost.

**Federalism and direct democracy**

For the consistent federalist, the individual represents the highest level. We submit two arguments for this view.

Firstly, the aim of politics is to minimise distress and disorder; and, as we have seen, distress or disorder are attributable to social circumstances. Since distress is always experienced by individuals and never by groups or whole populations as such, it is logical that the individual appears as the highest political authority.

Secondly, political decisions are in essence always moral choices or value judgements. Only individuals have a conscience and the capacity for moral judgement. Groups or populations do not have a conscience as such. It is thus logical from this perspective, too, that the individual appears as the highest authority.

Nevertheless, federalists are not egocentrics. They know that individuals can only be real human beings, real individuals, within the fabric of society. People connect themselves to other people precisely because they are social beings.

Individuals form small justicial communities, within which various issues can be democratically regulated. Certain issues cannot be tackled at the level of one village, one town, one valley or one region. In such cases, the smaller communities can federate themselves: they join together to form a new, larger, community which is authorised to deal with these issues. This federation process may be repeated until all issues are dealt with at the appropriate level.

Federalism is the name we give to the structure which emerges when, in order to deal with certain issues, smaller communities mutually agree to form a larger community and delegate certain powers to it. Because the delegation takes place from smaller to larger, and because it is a free choice of the smaller level to delegate to the larger level, this delegation from the smaller level must in principle also be rescindable at any time. For the smaller level is at the same time the highest level. The individual is the smallest and also the highest level. ‘Higher’ and ‘lower’ must not be interpreted in this context in the sense of an administrative hierarchy. When communities transfer a power to a district or region, then the latter are ‘higher’ in technical administrative terms than the communities. Nevertheless, it is the communities – or the even higher level of the citizens – which have transferred that power and which can, in principle, also rescind it.

If we think the federalist idea through to its logical conclusion, we arrive at the autonomous individual as the smallest and at the same time most basic community. The individual person is thus the ultimate delegating body. This is also logical because a good measure always distinguishes itself from a poorer one by a more efficient avoidance of distress or disorder; and, as we have seen, distress or disorder are only ever experienced by individuals – never by communities. The fact that the individual is the highest authority should logically be reflected in direct-democratic decision-making at all levels.

**‘Disentangled’ federalism**

Democracy means that people can shape their own communities in discussion with each other. People must have the opportunity to choose for themselves the best ways of working together. Only a consistent federalism provides them with that space. Thus direct democracy and federalism belong inseparably together. They are two aspects of the same ideal: *strong or full democracy* (Barber, 1984).

The importance of the free formation of communities is illustrated by the Swiss example. Switzerland is not only the country with the most extensive direct democracy in the world. It is also a country with a fairly strongly developed federalism. Lower administrative levels in Switzerland, such as the cantons and municipalities, often have major powers (in respect of taxation, for instance; see inset 4-3 and chapter 5).

In 1847, Switzerland experienced a kind of war of secession in which the union of separatist Catholic cantons that wanted to dissociate themselves from the federated state were defeated. Nowadays, the combination of direct democracy with federalist structures enables these types of conflict to be resolved peacefully. For example, the Jura region decided to form its own canton in 1978. This took place via a referendum at national level, which approved the new federal structure with an extra canton. In 1993, several municipalities from the Laufental area decided to transfer from the Berne canton to the Basel-Land canton. This boundary adjustment was also peacefully implemented by means of a national referendum.

Frey and Eichenberger (1996 and 1999) plead for a radical federalism in which lower political units can federate as they wish. Citizens must have the right to decide by referendum which federative links will be implemented. A municipality, for example, could decide by referendum to transfer from one province to another one that the people believe is better managed.

Federative unions are not eternal. Locked unions, or unions that can only be rescind if the other partners agree, are unacceptable. A federative union can be compared to a marriage: it can only be entered into and be maintained as long as both partners agree to it. If only one partner wants a divorce and the other does not, the marriage must be annulled. If the permission of both were to be essential for annulment, one partner could then hold the other hostage in the marriage against their will.

In an extension of this, moreover, each generation must have the opportunity to review and revise both the large and small unions and relationships in which they live. In recent decades we have learnt to accept that people today have ecological obligations towards future generations. In addition, the awareness that one generation must not saddle its successors with a mountain of public debt is slowly getting through. We still have to broaden this sense of accountability. Anyone who binds future generations into fixed conditions is mortgaging the future. They are solving current problems at the expense of the freedom of future generations. Federative unions are best described as a form of renewable contract of a specified duration.

However, there is another aspect to ‘disentangled’ federalism. It is important to realise that not all areas of life in society can be managed democratically. If an attempt is made to do so, it leads to an infringement of justice, to unproductiveness, and eventually to the demise of democracy.
Democracy is pre-eminently suited to deciding about rights, duties and juridical matters. On either side of the institutional-democratic state there are two areas of society that must be independent of the state. On the one hand, there is the cultural life in its broader sense: the forming of opinion, the media, education, sciences and arts, and religion. In these fields, every individual must be able to act independently, without state intervention. Insofar as people work together in these areas, they freely determine the what, how and when themselves. This idea gained much ground in the 19th century with the introduction of the so-called fundamental rights: freedom of speech, freedom of education, freedom of assembly and demonstration, etc. The reasons for this are twofold. On the one hand, even if 99% of the citizens believe one thing, it is a fundamental right to be allowed to express a different opinion. The proper protection of minorities is largely safeguarded by means of this principle of the free cultural life. After all, minorities are frequently defined by cultural characteristics: different language, different religion, different customs, different concepts, etc. On the other hand, freedom in this area guarantees efficiency and productivity. In the cultural sphere, achievements are accomplished – new insights acquired, inventions realised, people educated – without which the broader society cannot function. And it is not practically possible to democratically make an original invention or to democratically determine whether a mathematical line of reasoning is correct. In this context, only the specific talents and insights of the individual count, and not which side has the majority. Individual must therefore have the space and freedom to develop and express their insights and creativity. Democracy undermines its own foundations when it imposes rules on cultural life through legislation, because, for example, legislation also comes about after new insights, discussions and exchanges that take place in the cultural-spiritual life. The state should be shaped by the products of the free spiritual life; if it attempted to regulate this, it would dry up its own source of innovation and creativity. It is important to realise that in principle it makes no difference whether it is a majority- or minority-based government that wants to impose its opinions via the state. In the first case, it is a large group which infringes the freedom of the individual, in the second case, a small group, but in either case it goes against the human rights of the individual and undermines productivity.

On the other hand, the area of the production of goods and services is also unsuitable for democratic decision-making. After the fiascos of Communism in the twentieth century, insight into this has also gained a lot of ground. Individuals and groups should have the freedom to enter into the necessary agreements about production and consumption. These agreements are based on the confidence that people have in the capabilities, the trustworthiness, etc. of the other party to the agreement. It does not matter what other people or society as a whole believe when two or more people want to enter into an agreement with each other to produce or consume something. The economy organises itself naturally within a bedrock or network of freely concluded agreements and contracts. Without this right to free agreement, similarly in the absence of the rights of free speech and association, democracy itself can no longer exist. The democratic legislature may, however, impose restrictions that prevent the activity ensuing from the agreement from producing unfavourable effects for third parties. Thus, for example, it is completely logical for the legislature to prohibit activities that damage the environment. But a legislature, acting out of whatever kind of political objective, cannot prohibit, sanction, impose or encourage agreements between particular partners without violating essential citizens’ rights at the same time. In the same way that the free voting right is essential in the democratic area, and free speech is a key freedom in the field of cultural and spiritual life, the right to free agreement should be considered as a basic freedom in the field of economic life. The free vote, free speech and free agreement are the three key freedoms around which a free democratic society is built.

We must remove two misunderstandings at this point. The first concerns the question of how democracy should be confined to the area where it is really effective. This can only be a voluntary restriction imposed by the collective will of the citizens themselves, and which they can also change at any time. The assembled citizens – the legal community – can therefore voluntarily decide not to interfere with the cultural life, nor with economic initiatives, by means of (direct) democracy, because they realise the benefits of non-interference. They can also incorporate this as a leading principle in the constitution. But they must also always be able to change the insights, because an insight developed in the future might perhaps lead to still better principles of government. The democratic legal community must remain sovereign. Therefore, we do not argue that one or other body imposes arbitrary limits to the (direct-)democratic decision-making from above, but that the citizens must always be able to do this themselves. Nor do we advocate that citizens take ‘elasting’ decisions to which they subjugate future generations, because those generations are also sovereign and must be able to organise their society on the basis of their own insights.

The second misunderstanding concerns the nature of the three areas of culture, politics and the economy. Not everything that companies and schools do is, respectively, economic or cultural-spiritual by its nature. The working of a company or school also involves a considerable element which relates to laws and human rights and the issues concerned must be regulated through ‘democratic’ channels (i.e. channels in which all the people concerned have an equal vote). This practically always concerns the basic conditions for the economic activity: in themselves, economic initiatives belong to the economic area becoming poisoned or polluted, etc. Decision-making on legal matters within private organisations does not always need to proceed via the (local) state, moreover, but can also take place via ‘democratic’ bodies in these companies, schools and suchlike, in which all the people concerned have an equal vote. In fact, this is often far preferable.

Modern states have shortcomings in many respects: not doing things they actually should be doing. But in other respects, they take on too many tasks, acquiring too much power. On the one hand, democracy must be radically deepened and extended ‘horizontally’ by introducing direct-democratic decision-making. On the other, democracy must be restricted ‘vertically’, in the sense that it withdraws from areas where it does not belong.

Many arguments against direct democracy are disarmed by this perspective. When critics of direct democracy state that citizens are not competent to decide about issues on which the politicians currently make the decisions, they are generally wrong – see chapter 6 for this – but in some cases they are also right. The solution then, however, does not lie in the assumed right of the parliament to ignore the people, but in removing that topic from the scope of democracy. Because, if the citizens are not competent to decide something, then
neither are the politicians. Politicians are nothing more than the agents of the citizens and, just like most citizens, are typically generalists who – ideally – think and act on the basis of the same concerns and wishes as the citizens. Viewed in this way, direct democracy can act as an extra check to see whether a certain issue does indeed belong within institutional democracy.

The separation of different areas of life provides another benefit. Currently, economic and educational borders are usually the same as state borders, because to a large extent states determine economic and educational policy through legislation and regulations. But if these areas ‘privatise’ themselves, they can enter into cooperation agreements that cross political borders. Schools in the Dutch-speaking Belgian region of Flanders could cooperate much more closely with schools in the south of the Netherlands. The Dutch city of Maastricht and the German city of Aachen, which lie very near each other across the border, belong objectively to the same economic region and could standardise all sorts of strictly economic regulations mutually, while they nevertheless continue to belong to different political states.

Incidentally, in this respect Switzerland also plays a special, although sometimes dubious, role. On the one hand, a type of separation between different functional areas exists in some places in Switzerland. In the canton of Zurich (1.2 million inhabitants), for example, in addition to the local authorities proper, there are also educational communities and church communities which organise themselves, levy their own taxes, and have different geographical demarcations from the municipalities. Furthermore, there are numerous so-called ‘Zivilgemeinden’ (‘civil communities’) which manage public utilities (water, electricity, radio and television services, etc.), which have direct-democratic forms of management and earn their income from user charges. On the other hand, decisions are often made democratically, while (as we argued above) this is not the appropriate manner at all. Everyone in Switzerland, for example, pays church tax, generally via the state, unless they declare that they are not members of a church. But a separation between political and spiritual-cultural life implies, of course, that the state should not levy taxes for any private body, whether it be for the billiards club or for the church.

It is this capability of being disentangled that fundamentally distinguishes federalism from subsidiarity. Subsidiarity is based on an already established supreme authority that delegates downwards. The result is inevitably a monopolistic centralised entity. When the citizens are free to federate, it is possible for different overlapping unions and relationships to be created in the various areas of life. The latter thus become ‘disentangled’.

However, the fundamental principle of federalism means that this separation into federal structures cannot be imposed from above. It must be done by people themselves; and direct democracy is the essential tool for this. This kind of democracy will in any case always function the better, the more those areas of life in which democracy is naturally at home are clearly separated from those domains in which democratic decision-making is neither necessary nor desirable. A ‘separating’ federalism and direct democracy can thus mutually reinforce each other. An integrated democracy is a society in which this process of a reciprocal enhancement of democracy and federalist forms of association has been successfully set in motion.

Social capital, democracy and federalism

In the first half of the 19th century, French author Alexis de Tocqueville made a journey through the United States of America. The report of his journey appeared in two parts: in 1835 and 1840. America’s top leaders, even now, still quote de Tocqueville when they want to describe the essence of the ‘American dream’.

De Tocqueville noted two aspects of American society that at first sight appear to be contradictory. First of all, he was surprised by the outspoken autonomy of the American citizens: “They owe nothing to any man, they expect nothing from any man; they acquire the habit of always considering themselves as standing alone, and they are apt to imagine that their whole destiny is in their own hands”. But, at the same time, he noticed that the social life in the young United States was unusually intense: “In towns it is impossible to prevent men from assembling, getting excited together and forming sudden passionate resolves. Towns are like great meeting-houses with all the inhabitants as members. In them, the people wield immense influence over their magistrates and often carry their desires into execution without intermediaries (...) Americans of all ages, all stations in life, and all types of disposition are forever forming associations. There are not only commercial and industrial associations in which all take part, but others of a thousand different types—religious, moral, serious, futile, very general and very limited, immensely large and very minute.”

In the lines quoted above, Alexis de Tocqueville describes nothing less than the combination of living, direct democracy with spontaneous federalism. This situation, in which independent people freely come together and take joint decisions, provides a social surplus for which the term ‘social capital’ was subsequently coined.

The creation of ‘social capital’ – the ‘mother of all other arts’ – has received an unusual amount of attention in recent years. Putnam’s book ‘Making democracy work’ (1993) was a milestone. This publication summarised the results of 20 years of sociological work in Italy. The original intention of Putnam’s team was to study the results of the regionalisation of Italy. Starting in the 1970’s, a decentralisation process had been set in motion in Italy and significant powers had been transferred to the regions. Over the years, the researchers gathered an impressive amount of information: polls were taken, hundreds of interviews were conducted, and mountains of statistics were processed.

Putnam discovered a remarkable and consistent difference between the regions in Northern and Southern Italy. The northern regions were economically wealthier and much more efficiently administered. Putnam’s group also conducted an experiment. Three requests for information were presented to the administrations of the various regions. The administrations of Emilia-Romagna and Valle d’Aosta were the quickest to reply: the researchers received complete answers within two weeks. Despite repeated requests, the administrations of Calabria and Sardinia never provided a complete answer to the same three questions.

Putnam tested the hypothesis that a difference in ‘civicness’ was the basis of the distinction between north and south. ‘Civicness’ can be defined in de Tocqueville’s words as ‘the evaluation of interests in the broad social context’. One’s own interests are not ignored or suppressed; they are considered
as coinciding with the communal interest in the long term. The opposite of ‘civicness’ is ‘amoral familialism’. Someone with this latter attitude is only concerned with the short-term interests of the narrow family circle. A society in which this short-term familial focus predominates is atomised. The communal interest is left to those in power, which means that mainly opportunistic relationships are formed (clientelism).

In order to measure ‘civicness’, Putnam used an index based on the following indicators:

- the percentage of votes which are not cast for the leading candidate in an election: in a society in which amoral familialism predominates, there is generally a higher proportion of such votes (electoral clientelism);
- voter turnout in referendums: because direct clientelism cannot play a role in referendums, the level of participation in direct-democratic decision-making is a good indicator of ‘civicness’;
- the number of newspaper readers: reading newspapers indicates interest in society as a whole;
- the level of participation in social life (such as clubs etc); taking part in social life broadens horizons beyond the core family.

Putnam (1993, p. 97-98) characterised the difference between the two sorts of society he discovered in Italy as follows: “When two citizens meet on the street in a civic region, both of them are likely to have seen a newspaper at home that day; when two people in a less civic region meet, probably neither of them has. More than half of the citizens in the civic regions have never cast a preference ballot in their lives; more than half of the voters in the less civic regions say they always have. Membership in sports clubs, cultural and recreational groups, community and social action organizations, educational and youth groups, and so on is roughly twice as common in the most civic regions as in the least civic regions.”

There appears to be a strong direct relationship between civicness, economic performance and the efficiency of public administration. In areas with more civicness, the economy prospers and the administration is efficient. Putnam examined and eliminated various alternative explanations and came to the conclusion that ‘civicness’ played a causal role.

Putnam also argued that the difference between the civic culture in North and South Italy is very old and may be traced back as far as the 11th century. At this time a feudal monarchy with Norman roots established itself in southern Italy. Whereas by the 15th century there were already republican city-states in the North with considerable opportunity for personal initiative and political participation by a relatively large number of citizens, in the South feudalism continued to exist with its hierarchical structures, into which organised crime could later effortlessly insinuate itself.

One cannot, of course, maintain that the level of ‘civicness’ remains constant throughout history. Civicness can also be eroded, for example, under the influence of economic factors. A shocking example is described in the book “The Mountain People” by the anthropologist Turnbull (1972. 1994) about the Ik, a small tribe that lived in north-eastern Uganda. The Ik were driven out of their original homeland after it was designated as a wildlife reserve. This devastated their traditional sources of existence and their social organisation. Collective hunting was no longer possible. All that was left was secret poaching by separate individuals. The Ik illustrate an extreme example of social atomisation, deep mutual mistrust among individuals and the drastic loss of any form of social capital.

In a later study (1995), Helliwell and Putnam analysed how the causal chain of civicness (social capital) > efficient administration > social satisfaction operates. In the 1980s, the Italian regions were granted considerable powers in the economic field. As a result, economic policies were now no longer decided by a central authority, but mainly by the regional authorities. In the 1960s and ‘70s, the gap in prosperity between the North and South had been reduced due, on the one hand, to the fact that the central authority had made large transfers of money from North to South and on the other, that the northern regions were unable to operate more efficiently (due to their economic policy being determined centrally). It seems that as soon as the regions were able to set their own policies, the surplus of social capital in the North was immediately translated into an increase in prosperity. Public and private capital was spent more efficiently in the northern regions, so that the prosperity gap between North and South increased again from around 1983 onwards, despite the continuing transfers of public money from North to South.

Helliwell and Putnam’s causal chain can be even further extended. Comparative research in a large number of countries shows that it is not civic culture that determines the substance and quality of democracy, but that the causal connection proceeds in the reverse direction: “Interpersonal trust appears clearly to be an effect rather than a cause of democracy.” (Muller and Seligson, 1994). Democracy creates trust between people, and trust between citizens and the institutions of the state.

In another study, Putnam (1996a, b) surveyed the decrease in ‘social capital’ in the United States. Church attendance, work for political parties, membership of all types of clubs and associations had declined drastically during the preceding decades in the US. There was also a marked simultaneous decline in ‘social trust’ (trust in other people and in the authorities). After eliminating several other possible explanations, Putnam believed he had found the main culprit in television. In the 1950s, television made an explosive entry into American society; whereas only 10% of families owned a TV set in 1950, by 1960 it was already 90%. It is around this time that the collapse of American ‘social capital’ began.

An average American watches around 4 hours of TV each day. Research shows that TV viewers demonstrate a strong tendency to take less part in social life in all its aspects and develop a more negative view of their fellow men (heavy TV viewers, for instance, overestimate the impact of crime on society). Television is, in this respect, an unusual medium; newspaper readers, in contrast, have a higher than average tendency to participate in community life.

Over the same period, mutual distrust among people also increased. In 1960, 58% of Americans still believed you could trust most people. In 1993, that figure had dropped to 37%. Miller and Ratner (1998) pointed out that there was a strong ideological basis for this culture of mutual mistrust: “Evolutionary biology, neoclassical economics, behaviourism, and psychanalytic theory all assume that people actively and single-mindedly pursue their self-interest (...). Mounting empirical evidence, on the other hand, tells a different story. Much of the most interesting social science research of the
last 20 years points to the inadequacy of self-interest models of behaviour. For example, we know that people often care more about the fairness of the procedures they are subjected to than about the material outcomes these procedures yield, that they often care more about their group's collective outcomes than about their personal outcomes, and that their attitudes toward public policies are often shaped more by their values and ideologies than by the impact these policies have on their material well-being."

Thus, people are much less fixated on their own interests than the theories claim. But at the same time, these theories have become a real force in society. The result appears to be that most people consider themselves to be much more altruistic than their fellow men. One of the experiments conducted by Miller and Ratner concerned the people's willingness to give blood, both with and without financial reward [see 3-2]. Of the people asked, 63% said they were prepared to donate blood for free. When a prospective financial inducement of 15 dollars was proposed, the figure increased to 73%.

The effect of offering a financial reward was therefore not especially significant, the difference being fairly modest. The people surveyed, however, were also asked to give their own estimate of the percentages — with and without a reward. They thought that 62% of people would give blood if paid, and only 33% if not. Thus they clearly overestimated the role of money as a motive for their fellow humans.

Another survey looked at the introduction of anti-smoking measures. Non-smokers tend to hold stricter views than smokers. The survey showed 100% of non-smokers and 85% of smokers supporting smoking restrictions on aircraft. But the same people thought that 93% of non-smokers and only 35% of smokers would support such a measure. In other words: people seriously overestimated the role that personal interest would play in determining the smokers' views. Miller and Ratner found that at least 80% of smokers were in favour of smoking restrictions in places with a high risk of 'passive smoking' (restaurants, places of work, buses, trains and aircraft). The general public, however, thought that only 25% to 35% of smokers would support such measures.

This general lack of trust between people, which culminates in a distrust of the political institutions, is directly related to the problem of disintegrating social capital. Trust between people is social capital. The atomisation of society prevents people from perceiving each other's moral motives. People then consider each other more and more as automatons fixated on self-interest, which they are not. The more the ideology of man as homo economicus (man as an intrinsic egoist) spreads, the more people explain even their own behaviour in terms of self-interest. People who work socially out of genuine empathy still tend to offer egoistic rationales for what they are doing ("It gives me something to do," – "I found the other volunteers rather nice." – "It gets me out of the house now and then", See Wuthnow, 1991). The claim that people 'vote for their wallet' is not corroborated when their actual voting patterns are analysed; but it is when people's own explanations for their voting are studied (Feldman, 1984; Stein, 1990).

De Tocqueville was impressed both by the strong trend towards individual autonomy and by the intense social life of the Americans in the early 19th century. Putnam was struck by the polarity between 'civicness' and 'amoral familialism'. This shows that there are two types of 'individualism'. We must make a sharp distinction between the individualism of autonomous citizens (which does not prevent them from being in solidarity with others), who precisely because of their independence can produce social capital and who also like taking part in referendums; and the pseudo-individualism of the 'subject' citizen concerned only with the short-term interest of their own nuclear family and content to leave the rest of society to be governed by those who wield power. This distinction is fundamental, of course, because the agencies of power will praise this submissive clientelism as expressing 'social integration', while they will present themselves wherever possible as the 'centre' that mediates between the powerless client and those who hold the reins of power.

This type of 'centre' has nothing to do with the associational life created by people themselves that was described by de Tocqueville. Authentic social capital is created when people who have connections with each other see themselves as the co-creators and co-definers of their associations, at whatever level, from the smallest bridge club to the widest league of nations. Then what emerges is an authentic, 'disentangled' structure – made up of federations of independent individuals — into which people can put their energies and commitment and in so doing enhance their own and others' strengths and talents. The socio-political gestalt of the 'centre' referred to above is exactly the opposite: here all the diverse areas of life are wrapped into a kind of intertwined vertical structure, within which only the elites have access to the sources of power, while 'ordinary' members are essentially reduced to the status of clients. This kind of power-friendly centre lacks any federalist structure; in reality it obeys the principle of subsidiarity.

A centre also emerges in a federative, fully democratic society. But this centre is qualitatively entirely different. It does not force people into a condition of permanent political immaturity, in which they are allowed to vote at most every few years or so to give a virtually meaningless mandate to their 'representatives'. The federative centre that must gradually come into being in the 21st century will be the expression of people's desire for the life of societies to be shaped by the individuals who compose them. In such a federative centre, schools do not depend on a coordinating and controlling body that sits like a spider in the middle of the 'education web'. The school of the future will be shaped by the particular community of children, teachers and parents who inhabit it at any one time. Such schools will be funded by an education voucher that each school-going child receives as of right, and which is handed over by the parents to the school of their choice. In a federative society, the only thing that will be predetermined are the educational rights of the child; there will be no government-formulated 'education policy'. Such schools will not be entwined in a vertical column with trade unions, national or private health insurance schemes, banks and agricultural associations. They will be the continual creation of the efforts of teachers and parents to do the best for their children in the specific situation; and they will be linked with other schools, not in a centralised and hierarchical relationship, but in a horizontal network characterised by close consultation, feedback and cooperation.

Schools will be only one of the areas in which strong democracy will take shape. The direct-democratic framework must first be created within which the federative structuring of local life becomes possible. Such a democratic framework must not remain confined to the local level, however, but must be expanded up to the level of European institutions, because decisions with major consequences for the local level are often made at much higher levels.
Between the hammer and the anvil: how social capital is destroyed

Why does social capital decline? In his recent and much discussed book *Jihad versus McWorld*, Benjamin Barber describes the battle between two opposing forces, both of which threaten the constitutional state and democracy in their own way. Barber calls these forces *Jihad* and *McWorld*. They form the anvil and the hammer between which social capital is pulverised.

**Jihad**

The one force is that of local particularism, to the extent that it strives to achieve its own monolithic state power. Ethnic or religious groups or tribes fight for hegemony within their own state. Barber thus expands the original meaning of the term 'Jihad' (the 'holy war' of Muslims) to describe a phenomenon that appears in all parts of the world. In the West, Jihad can signify the struggle for regional identity (Ireland, the Basque country, Corsica). It is not the struggle for a cultural or philosophical or religious identity as such that is characteristic of Jihad. To the degree to which such a struggle is against a monolithic, hegemonistic centralised state, it is a positive phenomenon. Jihad actually wants to introduce such a monolithic centralised state. Jihad aims for a cultural-philosophical hegemony over the state and assaults existing bourgeois nation states which do not exhibit the desired hegemony. Jihad aims to break up such states into culturally-philosophically homogeneous blocks organised on the principle of subsidiarity. Jihad lives from the struggle against Jihad.

The Quebec issue clearly illustrates the boundlessness of the fragmentation that is caused by Jihad: “The logic of Jihad does not necessarily stop with the first and primary layer of fragments. If Quebec leaves Canada, non-Quebecois francophones may lose their equal place in New Brunswick. And if Quebec leaves Canada, why should not the Cree leave Quebec? And why then should not Anglophone villages leave Quebec or opt out of a self-determining Cree nation if it is such they find themselves inhabiting? And if a few francophones reside in the predominantly English villages in the predominantly Cree region in the predominantly French Quebec, what about their status?” (Barber, 1995, p. 179)

In Bosnia, Sri Lanka, Ossetia and Rwanda, Jihad reaches its logical conclusion. Because the fragmentation cannot be continued indefinitely, there is a resort to the weapons of ‘ethnic cleansing’ and genocide. Jihad does not recognise people as free individuals, but only as members of an ethnic or religious group. Jihad reduces people to members of a tribe: Jihad is tribalism. For Jihad, a ‘people’, a nation, a community, a body of persons held together by a common origin, speech, culture, political union, or by a common leadership – *Chambers Dictionary* – is not a living form which free individuals give to their community. For Jihad, the ‘people’ is a mythical entity to which individuals must submit themselves. Jihad is of course not interested in democracy, because Jihad places the tribe, the people or the religion above the individual. Jihad does not aim for liberation, but for a mumification of ‘the people’. Jihad has no interest in human rights.

**McWorld**

The other force is that of the global market. It works by standardising. It reduces the individual to a consumer. Barber calls this force *McWorld*. McWorld opposes the particularism of Jihad, but it also opposes the nation state. The globalisation that McWorld aims for does not have civil society as its driving force, but profit. It is an economic force, though not a traditional one. Barber sketches out the way in which goods are becoming increasingly international. What distinguishes an ‘American’ from a ‘Japanese’ car once you know that Toyota’s Camry was conceived by an American designer and is built in the Toyota factory in Georgetown (Kentucky) using parts that are mainly American? In fact, it is not possible to define McWorld simply in terms of capital (in the sense of money), but only in terms of the optimised relationship between capital, labour and raw materials. “McWorld is a kind of virtual reality, created by invisible but omnipotent high-tech information networks and fluid trans-national economic markets, so the virtual corporation is not just a provocative turn of phrase.” (Barber, 1995, p. 26)

One of Barber’s basic propositions is that the centre of gravity of McWorld’s activity progressively moves to less material sectors: from goods to services, from hardware to software, with the ultimate being the world of the electronic image. McWorld is becoming increasingly more virtual and the United States is invariably at the forefront of this evolution. When the United States was overtaken by Japan and Europe in respect of the production of traditional goods, it acquired tremendous dominance in new sectors, such as the manufacture of transistors. When other countries acquired production capability in hardware, American industry turned to software. At the end of the line is the world of advertising and the production of images – the fully virtual cosmos that doesn’t actually need to be taken over by the USA, because it is already intrinsically American (and based on the English language). The increasing strength of trade in virtual products is illustrated by the growth of spending on advertising, which rose three times as fast as general global production in the period from 1950 to 1990. American dominance in infotainment is revealed by the US balance of trade: in 1992, this showed an overall deficit of 40 billion dollars, with a trade surplus of 56 billion dollars in the service sector offset by a manufacturing deficit of 96 billion. America owns 80% of the European film market; by contrast, Europe owns only 2% of the American market. Audio-visual products (3.7 billion dollars in exports to Europe alone) were in second place on the list of US exports in 1992, close to exports connected with air and space travel.

Another symptom of the increasing weight of the trade in virtual products which is so characteristic of McWorld is the fact that brand names are increasingly becoming more important commercially than the actual products. Barber describes the rise of Coca-Cola in some detail. What is being sold here is not a drink, in the sense of a physical product, but rather an image – a virtual, world-encompassing Coca-Cola theme park to which new elements are always being added. Coca-Cola associated itself not only with the Olympic Games and with the fall of the Berlin wall, but also with the renowned Rutgers University (where Barber is employed). Coca-Cola not only has a sales monopoly on the campus, where its competitor, Pepsi, is banned; Coca-Cola also has the right to associate itself with Rutgers in its advertisements. In new markets, Coca-Cola conducts aggressive campaigns to suppress the local culture. Barber quotes the 1992 annual report of the Coca-Cola Company, in which it was declared that Indonesia was ‘culturally ripe’ for the large-scale introduction of Coca-Cola products; being ‘culturally ripe’ meant, among other things, that the traditional consumption of tea had been sufficiently rolled back.
McWorld is thus not a merely economic force that emerges alongside the existing culture. McWorld takes over the existing culture and shapes it in its own economic interests. “Even where multinational companies claim to be interested exclusively in production and consumption figures, increasingly they can maximize those figures only by intervening actively in the very social, cultural, and political domains about which they affect agnosticism. Their political ambitions may not be politically motivated and their cultural ambitions may not be the product of cultural animus, but this only makes such ambitions the more irresponsible and culturally subversive.” (Barber, 1995, p. 71)

**Jihad and McWorld versus democracy**

Despite their contradictory, opposing characters, Jihad and McWorld also have one important element in common. Neither possesses “[...] [a] conscious and collective human control under the guidance of law we call democracy. (...) Jihad and McWorld have this in common: they both make war on the sovereign nation-state and thus undermine the nation-state’s democratic institutions. Each eschews civil society and belittles democratic citizenship; neither seeks alternative democratic institutions. Their common thread is indifference to civil liberty.” (Barber, 1995, p. 5-6). Moreover: “Antithetical in every detail, Jihad and McWorld nonetheless conspire to undermine our hard-won (if only half-won) civil liberties and the possibility of a global democratic future”. (ibid., p. 19)

According to Barber, it is a myth that democracy and the free market are inseparable Siamese twins. This has been an often-repeated mantram, especially since the collapse of communism. In reality, the free market demonstrates a remarkable adaptability and the system flourishes even in despotic states such as Chile, South Korea, Panama and Singapore. China is currently one of the least democratic countries, but it is also the country with the fastest growing market. In fact, what McWorld needs for its development is stability, not democracy. McWorld is not interested in collective concerns, such as employment or environmental issues. On the contrary, McWorld is driven by the profit motive (“McWorld is nothing if not a market”, p. 29) and actually exports its problems into the community. In 2005, to great applause from market analysts, General Motors fired 20,000 employees. Private profits were secured and the business became ‘leaner and meaner’, as intended. The costs of the dismissals had to be met by the local community and the local state. What McWorld wants is consumers who have access to the market, and political stability is needed for this. In McWorld’s world, consumerism, relativism and corruption are the alternatives to the traditionalism of Jihad.

Barber argues against the followers of Milton Friedman, who maintain that markets are a kind of democracy because they allow us to ‘vote’ with our money (we buy what we find attractive): “Economic choices are private, about individual needs and desires; whereas political choices are public, about the nature of goods. As a consumer, one may buy a powerful car that can go 130 miles per hour, yet without contradiction the very same person may as a citizen vote for speed limits in the name of public safety and environmental preservation.” (Barber, 1995, p. 296-297)

Barber also touches on the problem of bad taste in this context. It is a well-known phenomenon: magazines, TV stations, etc., that want to attract the largest numbers of readers or viewers are always forced in the direction of bad taste and banality. The reason is simple: good taste is individual, bad taste is collective. Bad taste is characterised by the lack of individualism, of individual creativity. Good taste is predicated on the existence of elements of creativity that relate to the uniqueness of the individual who evinces good taste. Good taste is therefore hardly ever a mass product and is almost always commercially uninteresting.

It is impossible to combat bad taste: as long as there is a demand for it, the economy will act to meet it. If, however, the economy begins to dominate the whole of society, there will be no space left for the realm of good taste which expresses individuality. “The problem with Disney and McDonald’s is not aesthetics, and critics of mass taste such as Horkheimer and Adorno (and me) are concerned not to interfere with the expression of private taste, but to prevent monopoly control over information, and to interdict that quiet, comfortable coercion through which television, advertising, and entertainment can constrict real liberty of choice.” (Barber, 1995, p. 297). Democracy – and even science, for example – then come under pressure, because these areas do not express what all of us have in common as members of the same biological species, but what we produce as individuals as ideas, works of art etc.

Democracy always begins with the generation of individual ideas and concepts, which then confront each other on the ideational level. This is a commercially uninteresting process, but for democratic life the free production of ideas and the free confrontation of ideas is essential. Thus, an independent domain is needed within which such a confrontation of political ideas can take place. If the anti-democratic tendency of McWorld is to be opposed, then it is essential to create a free space in which ideas can confront each other and concepts be worked out, uninfluenced by economic forces. In such a free space, among other things, a genuine public broadcasting service – radio and television – could play a major role. The existence of independent media is becoming increasingly essential for the survival and, even more, for the further growth of democracy (see chapter 5, California).

According to Barber, a new type of capitalism has been created with McWorld. This new capitalism demands the same laissez-faire principles and argues just as much against state intervention as the old capitalism. The new element, however, is that McWorld operates globally, not nationally; at this global level it is confronted by no state which can defend the law against the market in the way that is still possible in national economies. This enables McWorld to have enormous dominance over the nation states. The free-market ideology is the battering ram that McWorld uses to demolish the walls of the nationally organised constitutional state: “Unfairness (...) turns out to be a crucial trait of McWorld.” (Barber, 1995, p. 42). The international trade in raw materials, for instance, leads to gross inequalities, through which the world becomes a playground for some, but a graveyard for others.

Because, on the one hand, McWorld promotes globalisation, but, on the other, this globalisation occurs without (social) justice – so that on a worldwide scale there are major violations of the principle of equality – McWorld opens the floodgates to Jihad. Oil production is an excellent example. The three richest countries in the world – the US, Japan and Germany – consume half of the total world production; but together they import more than half of all the energy they need. The majority of this oil comes from countries in the Middle East which are extremely susceptible to Jihad. These are countries
in which ethnically or religiously inspired conflicts can erupt very easily. “Better than three-fifths of the world’s current oil production (and almost 93 percent of its potential production reserves) are controlled by the nations least likely to be at home in McWorld and most likely to be afflicted with political, social, and thus economic instability.” (Barber, 1995, p. 48)

The autonomy of the democratic centre

McWorld threatens to impose a one-sided economic and very undemocratic domination on the world, a world dominated by the ‘Hollywood’ ideology, a world also without justice. Barber’s alternative to this is not a society dominated by a monolithic state, but rather an ‘separated’ world characterised by a wide variety of autonomous spheres of life: “We are governed best when we live in several spheres, each with its own rules and benefits, none wholly dominated by another. The political domain is ‘sovereign’ to be sure, but this means only that it regulates the many domains of a free plural society in a fashion that preserves their respective autonomies. The usurping domination of McWorld has, however, shifted sovereignty to the domain of global corporations and the world markets they control, and has threatened the autonomy of civil society and its cultural and spiritual domains, as well as of politics. The alternative (...) is not a state-dominated society in place of a market-dominated society, but a many-sec
tored civil society in which the autonomy of each distinctive domain – the economic market included – is guaranteed by the sovereignty of the democratic state. Only a democratic polity has an interest in and the power to preserve the autonomy of the several realms. When other domains wrest sovereignty away from the state, whether they are religious or economic, the result is a kind of totalitarian coordination – in the Middle Ages it was theocratic; in this age of McWorld it is economistic.” (Barber, 1995, p. 206)

According to Barber, we must aim for a disentangled society and the first step towards this is the creation of an autonomous political-democratic domain, because this domain is the only one that by its nature is concerned with the structuring of society as a whole.

The question then is: how can we take steps to create such an independent political-democratic domain? It is a formidable challenge for there is no global state of any kind to confront the global character of McWorld, never mind a global democratic state. Barber’s basic principle is this: democracy is not an institution, it is a way of life based on individual responsibility and sense of community: “A people corrupted by tribalism and numb by McWorld is no more ready to receive a prefabricated democratic constitution than a people emerging from a long history of despotism and tyranny. Nor can democracy be someone’s gift to the powerless. It must be seized by them because they refuse to live without liberty and they insist on justice for all. To prepare the ground for democracy today either in transitional societies or on a global scale is first to re-create citizens who will demand democracy; this means laying a foundation in civil society and civic culture. Democracy is not a universal prescription for some singularly remarkable form of government, it is an admonition to people to live in a certain fashion: responsibly, autonomously yet on common ground, in self-determining communities somehow still open to others, with tolerance and mutual respect yet a firm sense of their own values. When John Dewey called democracy a way of life – it is the idea of community life itself, he insisted – rather than a way of government, he called attention to its primacy as an associated mode of living in a civil society. A global democracy capable of countering the antidemocratic tendencies of Jihad and McWorld cannot be borrowed from some particular nation’s warehouse or copied from an abstract constitutional template. Citizenship, whether global or local, comes first.” (Barber, 1995, p. 279)

The big issue is, of course, how this active citizenship can be recreated. How is it that at the time de Tocqueville visited the United States there was such a closely-knit social fabric and so much social capital? There were two reasons.

First, the national state, over which the citizens had little control, was of only limited importance. Political life was basically structured federally: “Government, especially at the federal level, was a modest affair (probably too modest for some of the tasks it needed to accomplish) because the constitution had left all powers not specifically delegated to it to the states and people.” (Barber, 1995, p. 282) A federal form of state is essential for the creation and retention of social capital, because it is here that the individual is considered to be the basic unit (any delegation to higher community levels proceeds from the individual) and because moral intuition and social commitment can, by definition, only be generated by individuals.

A second reason was that the impact of the market on the community was small: “Markets were also modest affairs, regional in nature and dominated by other associations and affections.” (Barber, 1995, p. 282)

The result was that, in the America of de Tocqueville, the citizens played a real part in shaping their society. They decided what their society should look like in association with each other. There was therefore a powerful motivation for them to form efficient and effective associations. The network of mutual trust and the feeling of responsibility for the ‘res publica’ thus created is what generates ‘social capital’.

Attacks then came from two sides against this social capital – this fundamentally democratic, mainly locally structured social fabric.

On the one hand, the market began to take over. Citizens started to see themselves more and more as consumers: voluntary social inputs were supplanted by commercial interests. The replacement of voluntary blood donation in the USA by commercial blood collection services (where donors are paid) is a classic example of this process [see 3-2]. On the other hand, the government began to interfere more and more in social life. The increasing role of the markets made greater government intervention essential. The local community no longer had control of the market, and the state had to intervene in the public interest. But in the process the state simultaneously took over significant areas of social responsibility from the citizens.

“It was only when individuals who thought of themselves as citizens began to see themselves as consumers, and groups that were regarded as voluntary associations were supplanted by corporations legitimised as ‘legal persons’, that market forces began to encroach on and crush civil society from the private sector side. Once markets began to expand radically, government responded with an aggressive campaign on behalf of the public weal against the new monopolies, inadvertently crushing civil society from the state side. Squeezed between the warring realms of the two expanding monopolies, statist and corporate, civil society lost its pre-eminent place in
American life. By the time of the two Roosevelts it had nearly vanished and its civic denizens had been compelled to find sanctuary under the feudal tutelage of either big government (their protectors and social servants) or the private sector, where schools, churches, unions, foundations, and other associations could assume the identity of corporations and aspire to be no more than special interest groups formed for the particularistic ends of their members. Whether those ends were, say, market profitability or environmental preservation, was irrelevant since by definition all private associations necessarily had private ends. Schools became interest groups for people with children (parents) rather than forges of a free society; churches became confessional special interest groups pursuing separate agendas rather than sources of moral fibre for the larger society (as Tocqueville had thought they would be); voluntary associations became a variation on private lobbies rather than the free spaces where women and men practiced an apprenticeship of liberty. (Barber, 1995, p. 282-283).

The second proposition follows from this: citizens must be able to take their fate into their own hands again. Barber argues, for example (in his earlier book ‘Strong Democracy’), for a series of measures, including the introduction of national referendums, which are currently completely unknown in the USA. One might say that a radical-democratic federalism is the natural biotope within which social capital can be created. The observations of de Tocqueville, backed up by countless other anthropological and psychological studies, show that people really do have the potential to generate social capital. However, two conditions must first be fulfilled. Firstly, federalism must be consistent in taking the individual as its starting-point: the conditions must be created which will allow people to take their fate into their own hands. A purely representative democracy (called ‘thin democracy’ by Barber) which, by delegating responsibilities, forces people to surrender control of their own fate, is wholly unsuitable for this.

Secondly, within such a democratic federal structure, the willingness must also be developed to roll back McWorld and Jihad. Only then can a democratic culture be created worthy of the name. That is not a simple task. The old type of social capital, so admired by de Tocqueville, came into being spontaneously and unconsciously in favourable circumstances. But precisely because it was unconscious, it was unable to offer any resistance later, when the circumstances were less favourable, and it disintegrated. The preconditions for the generation of new social capital must in future be very consciously created and maintained.

The domain of Jihad and McWorld

However, Barber did not fully develop this final step in his argument. This is the weakness of his otherwise splendid book. Barber deduces from the picture outlined above that the bipolar thinking of ‘state versus private sector’ must be abandoned and, in its place, a tripartite structure must be adopted in which civil society can take its place again between the state and the private sector.

Barber’s reasoning fails to take his analysis of the anti-democratic consequences of Jihad and McWorld to its logical conclusion. After all, why has social capital been crushed between the market and the state in the USA? Because McWorld extends its tentacles beyond the market, beyond the sphere of economics, to the constitutional state, with a simultaneous devastating effect on culture. But also because – an altogether more subtle point – Jihad strives to subject the state to one particular culture or one particular religion. At the heart of Jihad is always the aim of ideological dominance, a patronizing attitude which seeks to rob citizens of their independence and adulthood and reduce them to being subjects of a state that looks after their inner welfare. Jihad is the denial of the separation of ideology and state. The blending of religion and the state as is seen, for example, in Iran or Saudi Arabia, is merely the most striking form of this association between Jihad and the state. The ‘dictatorship of the proletariat’, the aim of communist regimes, is another extreme example.

Much less conspicuous, but all the more powerful in its effects is what happens in the countries of the West – the fusion of the state with the ideology of the free market, accompanied by the infantilization of the population under the banner of ‘representative democracy’. McWorld is not interested in the nation state – but Jihad is. Jihad and McWorld cooperate in the sphere on which they are in agreement: the suppression of democracy. Jihad takes over the state, ideologically defending the domination of McWorld in combination with the most varied forms of tribalism. Nationalism combined with a defence of McWorld: that is the most efficient way for Jihad to maintain its grip on the population with the help of the state. This can lead to the strangest situations – such as that in Saudi Arabia, where close external economic cooperation with the West goes hand-in-hand with the most reactionary domestic treatment of women and non-Muslims: McWorld hand-in-hand with Jihad.

Barber was correct in asserting that civil society must regain the middle ground. Nevertheless, it is inaccurate to site this middle ground between government and the private sector. In a democratic society, the government should not form an autonomous centre of power ranged against its citizens: it should be nothing more than the democratic expression of the people’s will. In fact, the creation of a genuine civil society would drive Jihad out of the government and force it back into the arena in which it plays its rightful role – the sphere of culture in all its aspects: the democratic forging of perceptions and the free clash of concepts, between which a ‘holy war’ can and must be waged. And McWorld must also be driven back into its original domain – that of economics. As Barber remarks in his book’s epilogue, Jihad and McWorld are not bad in absolute terms. It is not Jihad and McWorld as such that must be opposed, but their tendency to take over civil society. There must be a fundamental separation of Jihad (the world of culture and cultural individuality), McWorld (the economic world) and the democratic constitutional state (see also Steiner, 1919, 1999). And that can only be achieved by means of a radical democratic federalism.
3-1: NIMBY – or citizenship and democracy

‘Not in my back yard’ (NIMBY) problems are the order of the day. The majority of people agree about the need for airports, incinerators, accommodation for asylum seekers and radioactive waste storage. It is just that people do not want this type of facility in their own back yard. A facility that everyone wants in theory, but which nobody would tolerate in his or her own neighbourhood, is saddled with a NIMBY problem.

Usually the site for such a facility is imposed on a local community by the government, possibly accompanied by financial or other compensation. An interesting situation exists in Switzerland, where local communities have a right of veto on the siting of such facilities (via a local citizen-initiated referendum or public assembly). In 1993, citizens in four villages were asked what their reaction would be if a storage facility for nuclear waste was to be built in their municipality. The four communities had been selected as the most suitable sites by the Swiss geological service. The answers given would not be without significance, because a decision on the siting was about to be made – and the result of the poll would be published before the decision was announced.

It turned out that 50.8% of those questioned said they would accept the facility, as opposed to 44.9% against. What was remarkable was that as soon as a proposal was made to offer financial compensation, support collapsed. With a proposed annual compensation level of between 2,500 and 7,500 Swiss francs (roughly 1,500-4,500 Euro or £1,110-£3,300 pounds sterling), support for the nuclear dump dropped from 50.8% to 24.6%. The percentage remained unchanged even when the amount of compensation was increased.

The survey showed that the fairness of the decision-making procedure played a crucial role in the potential acceptability of the site. People seemed able to accept the result more easily if they also accepted the way the decision had been reached. Offering financial compensation fundamentally changed the way the decision was made. Where there is a decision-making process with a direct-democratic local right of veto, there is a strong appeal to people’s public-spiritedness and objectivity. If the issue is tied up with financial compensation, people begin to suspect that they are being bribed. The appeal is no longer to their civic sense, and the implicit message is that they are seen as ‘familly-centred amoralists’ who have to be persuaded by external financial inducement. This kind of shift from intrinsic to external motivation leads to a serious loss of social capital. (Oberholzer-Gee et al, 1995)

3-2: Blood doning – paid and unpaid

Social capital is present when people do something – champion a cause, for example – for inner or intrinsic reasons. If people do something reluctantly and only for an external reason – just because they are paid to do it, for example – that affects the intrinsic motivation. The inner drive to do something is weakened and social capital is lost. In this sense, commerce displaces social capital [see also 3-1].

The Dutch economist Arjo Klamer (1995) described this effect as follows: “Some years ago, I took over part-time care of two children, then aged five and seven. I decided to apply the principles of economics and assign a certain value to good and bad deeds – fifty cents for helping to tidy up, twenty-five cents for taking the dog out without moaning; a one guilder fine for starting for starting a quarrel, thirty cents for a mess in the room, and so on. Everything was discussed with the children beforehand. Against the better judgement of my wife, I was convinced of the value of my approach. In this economic system I no longer had to be the perpetual ogre: responsibility was passed to the children. Exactly as it should be.”

The approach seemed at first to be a success. The number of quarrels decreased and the children were helpful. However, Klamer soon discovered an unexpected ‘loss-leader’. His children became less responsive to moral considerations. “When I tackled the younger one about his teacher’s complaint that he frequently shouted in class, he responded completely in line with my economic approach. He proposed a deal: two guilders for the right to shout in the classroom. In complete negation of the principles I myself had proposed, I heard myself reply: ‘No way. I just want you to stop doing it. If you carry on doing it, then you’ll have me to deal with.’ The economic approach had failed.”

In 1970, the book The Gift Relationship appeared, in which Titmuss described the effects of the commercialisation of blood doning. During the 1960s, a commercial system of blood doning gradually became widespread in the USA (between 1965 and 1967 80% of the blood came from paid donors), whereas the system of voluntary blood donation remained in place in the UK. Titmuss found that the voluntary system was much cheaper and was less prone to problems with contaminated blood.

Titmuss asked voluntary blood donors about their motives and came to the conclusion that the majority of blood donors could not explain their motives without resorting to moral concepts in some way or other. In fact, it seems that voluntary blood doning is difficult to explain in any other way than arising out of an intrinsic sense of civic duty or sense of community in those concerned. Phenomena such as voluntary blood doning demonstrate that, contrary to what some people assert, ‘the citizen’ really does exist.

Titmuss’ research produced several other remarkable results. It seemed that the introduction of commercial blood doning had a very negative initial effect on voluntary blood doning. The motivation of the voluntary donors was apparently affected by the fact that elsewhere in society people were being paid for a service that they were providing freely. This phenomenon is also known as the ‘spill-over effect’. If a person discovers that someone else is being paid for their input, they are less inclined to perform the service voluntarily themselves.

In the paid system, the quality of the blood collected was endangered, especially because people from all sorts of at-risk groups came to donate blood in exchange for payment. That is why the system of paid blood donation was wound down again in the US. Between 1971 and 1982, the volume of paid-for blood fell by 76%. Over the same period, the volume of voluntarily donated blood rose by 39%. The capacity
3-3: About Jorwerd

Countless books have been written about the transformation of village life. But the story of how “market forces began to encroach on and crush civil society from the private sector side” (Barber) is perhaps nowhere more grippingly recounted than in the book by Geert Mak which has already become a classic: *Hoe God verdween uit Jorwerd* (“How God disappeared from Jorwerd”, 1996).

Jorwerd is a small farming village in the north of Holland, in the province of Friesland. Up until forty or fifty years ago, the farmers had the core elements of the agricultural economy under their control, even if that economy did not produce very much. It began right at the family level: “The typical rural families with lots of children did not have it easy most of the time, but they always had one advantage compared to families in the towns: they usually had their own vegetables, their own meat, milk, butter, cheese, eggs and potatoes, and thus they were more or less self-sufficient.” (p. 22)

What was bought (coffee, tea, sugar, soap etc.) did not represent a major outlay. But the point is that they decided what they needed and whether and when to buy it. However, that changed: “Up until the 1960s, many farmers rarely went into a shop. The tradespeople came to the people at home.” An elderly lady who lived in the village told the author: “We wrote down what we needed in a little order book, but nothing more. Coffee was coffee, tea was tea, and soap was soap. A week’s shopping for the entire family never cost me more than about twenty guilders” (p. 22). This system finally disappeared irrevocably in the 1970s. People had become mobile, the traders in Jorwerd died out, advertising and low prices in the big shops in town, which had become accessible thanks to the car, completely changed their buying behaviour.

That is what happened in terms of consumption. But control of production also moved out of the village, because industrial technology increasingly took over agriculture. First of all came the milking machines, and the tractor replaced the horse. Investment in this technology was not yet a problem for the majority of farmers. But this, too, changed in the 1970s. The refrigerated milk storage tank became the norm, for example: “The farmers had to purchase big refrigerated tanks. Gone were the days of the old-fashioned milk churns that were left by the roadside at the farm gate every morning and evening; gone was the local milk lorry which came to pick them up; gone, too, the clatter and chatter of the many small dairies” (p. 87).

Control over economic processes shifted away from the local community; external factors, mainly technical inventions, began to play an increasingly significant role. The farmer also became dependent on the bank. “Sometime during the 1960s, there was a complete change of attitude” among the farmers of Jorwerd about getting into debt. “For some of them, the path to the bank started with the purchase of their first tractor at the end of the 1950s. The majority of farmers could still afford to buy one out of their own pockets. But more and more money was needed: for machines, for byres, for all sorts of new acquisitions. And then, around 1975, when the money from the dairy was no longer paid in cash on the kitchen table (...) the bank became a fixture in the farmers’ lives” (p. 88).

The inhabitants of Jorwerd became less dependent upon each other and more dependent on strangers from outside the village. Take the village blacksmith, for example: “The blacksmith at Jorwerd was, like most village blacksmiths, a real jack-of-all-trades. He shod horses, repaired roof guttering, installed stoves and didn’t balk at the complete overhaul of a tractor. On some ice rinks in Friesland, old Renault 4 cars which he had cleverly converted into ice-sweeping machines were still being driven around years later. His modified Harley-Davidson ice sweeper was a great success, too. He loved technology for its own sake – but technology finally went too fast for him to keep up.” (p. 148) “Any village blacksmith could repair the most important machines on a 1970s farm without any difficulty: tractor, mowing machine, milking machine, manure spreader and much more besides. That was no longer the case for the tractors and milking machines that appeared on the market after the 1970s. They were so full of technology and electronics that only well-trained young mechanics could master them. As a result, an ordinary, old-fashioned blacksmith was out of his depth. In this respect, too, the farmers became increasingly dependent on intangible economic forces in the outside world” (p. 150). “In this way, something in Jorwerd that had been an essential part of the farmers’ lives for centuries disappeared: their own small economy within the big economy. The boundaries between the two became unclear, more and more holes appeared in the dyke of trust and tradition, and suddenly the village economy was swept away as if it had never existed.” (p. 151)

As control over the economy, both consumption and production, slipped away, the state began to intervene more and more with regulations, exactly as Barber describes. For the farmers in Jorwerd and elsewhere, the introduction of the milk quota had enormous consequences. In 1984, the European Agriculture Ministers decided to put the brakes on the overproduction of milk. Each farmer would only be allowed to produce a certain quota; every litre of milk produced in excess of the quota would result in a heavy fine. There was soon a roaring trade in milk quotas. A farmer who was allocated a milk quota of 350,000 litres was in effect given a million guilders’ worth (around £300,000) of milk rights, which he or she could sell. Later, a manure quota was also introduced. A cattle farmer was not allowed to produce more than a certain amount of manure. Another roaring trade was created. Pig breeders were prepared to pay to be able to dump their surplus manure on someone else’s land (p. 97).

From the point of view of the social fabric, it is significant that these regulations were another element over which the individual farmer had absolutely no control, but which...
tically affected his or her life and, moreover, started to make that life more and more a kind of virtual reality. One farmer summed up the impact of these shifts as follows: “You’re not a farmer any more, you’re just a producer.”

The loss of control over ones life has not been compensated for by more democracy. People’s desire to shape their own communities has been neither recognised nor honoured. Governments chose patronising prevarication, even if it costs lots of money: “While the newspapers and the political world were overflowing with stories about ‘self-help’ and ‘self-sufficiency’, it was striking how little the administration took advantage of the opportunities that the sense of local community still offered in practice. Almost all the major changes – filling in the harbour, new buildings – had previously been proposed by the inhabitants themselves. Later, the administration did not appreciate this type of initiative anymore. The path to the playing field, for instance, was a big pool of mud, but when Willem Oisinga proposed putting it right with a handful of men on a couple of Saturday afternoons – there were still some spare paving stones lying around somewhere, and the municipality only had to supply a load of sand – it just didn’t happen. Later, the municipality did the work itself at a cost of 30,000 guilders. ‘We could have used that money to do a whole load of other things in the village’, Oisinga grumbled.” (p. 207)

### 3.4: The European Union

The European Union has extended itself in all directions during recent decades. It has gathered more powers for itself with each treaty amendment, and almost every government in Europe has decided in favour of accession, whether the citizens agreed with this or not. In most cases the decision on accession was made without a referendum.

Today, an estimated 50% of the national legislation originates in Brussels. This Brussels legislation amounts in total to some 100,000 pages. The EU budget of more than 100 billion euros per annum is bigger than that of many EU member states. “The European institutions currently exercise more day-to-day power than each of the member states does separately for itself”, in the opinion of the German constitutional judge Udo di Fabrio. At the same time, the EU is so undemocratic that the European Commissioner responsible for EU expansion, Günther Verheugen, once remarked: “If the EU itself were to apply for membership, we would have to say: ‘democratically deficient’.” (Oldag and Tillack, 2003, pages 17 to 19; see also Booker and North, 2005)

To the superficial observer, the EU seems to have solved many modern problems. According to its supporters, after two world wars, the EU can be credited with having prevented a new war in Europe. But that completely ignores how the First and Second World Wars arose. These were caused by elites who ruled in an undemocratic manner, developed their plans in secret and usually initiated war against the will of the majority, as surveys from those times show. What the EU has done is to place an even higher power elite above these older power elites, and it must now try to keep them under control.

The example of Switzerland shows an entirely different approach: since it began as a federation in the middle of the 19th century, incorporating elements of direct democracy from the start, Switzerland has been virtually the only state in Europe never to go to war (only Sweden has had a longer peace). The reason is simple: ordinary people rarely want a war. Democracies have better methods for solving conflicts than violence. Put another way: if states democratised internally they will become much more peaceful. There has already been a consensus among academics for a long time now that democracies (by which they mean states with free elections and the protection of human rights) do not make war against each other. On the other hand, however, academics have frequently observed that democracies are just as warlike against other states as authoritarian states are. Rummel (1995) shows, nevertheless, that this latter proposition is based on statistics of conflicts that make no distinction between a relatively small conflict in which there were a thousand deaths, and a war in which a million died. If the numbers of dead are examined, however, there is a very clear link: the more democratic a state is, the less deaths it causes in conflicts.

In short: if you want peace, you can strive to keep potentially troublesome powers under control by placing an even higher power over them (as the EU ideology desires); but permanent peace is much better achieved by dismantling such powers from the inside. It would therefore be a logical step to introduce direct democracy in the current states, instead of setting up transnational super-states into which the national states must be absorbed. There is no guarantee that these super-states will not turn into regional powers which could find a reason for attacking each other. If the logic is pursued, there is then a need for an even larger state that must try to keep the regional super-states away from each other’s throats. We would then end up with a single authoritarian world state – not an attractive prospect.

The infamous “democratic deficit” in the European Union exists because the national governments (without authorisation from their citizens) have ceded power to the EU bodies to make laws that now prevail over their national laws and constitutions. National parliaments have no control over this. The national heads of government and ministers have (through their participation in the European Council) control over some key EU legislation, but because they meet behind closed doors, national parliaments never know how their head of government or minister has voted in Brussels. If ministers claim that they have done exactly what their national parliaments asked of them, the parliaments have no way of opposing this. The European Parliament cannot fill this gap, because it has hardly any powers. It has no right to decide on the most important issues and it is also unable to dismiss individual members of the European Commission (the quasi-government of the EU). The former President of the European Commission, Jacques Delors, once called the EU a “gentle tyranny”. (Oldag and Tillack, 2003, p. 35)

In fact, this involves a double democratic crisis: at a time when the people are no longer satisfied with a representative system (see 1-i), even the very limited say that citizens have via this representative system has once again been undermined on all sides.

The so-called European Constitution, which was prepared in Brussels but was rejected in May and June 2005 by the voters in the referendums in France and the Netherlands, would do little to solve these problems. The European Parlia-
ment would get more decision-making power, but would still have no right of initiative and would not be able to dismiss individual Commissioners. The European Constitution does indeed provide more openness in the EU Council of Ministers, but this openness is still limited and, even more significantly, it would not apply to the heads of government in the European Council. It is precisely there that the most important decisions are taken, such as: European treaties (which contain the most important agreements), the EU budget and the deployment of European forces outside the EU.

Another key problem in the EU is its centralism, which is even further reinforced by the draft European Constitution. EU laws are always fully valid in all EU member states, or they are valid nowhere. That creates much ado and smooth talking in practice, because the circumstances in each EU member state are different and each government has different requirements. Often nobody is happy with the compromise, because all the member states (currently 27) have to be satisfied. A simple solution – which, among others, Frey (1999) has argued for – would be that European member states always stipulate for each subject with which other member states they will introduce joint legislation, as a result of which ‘overlapping jurisdictions’ are created. In each case, other states could then always decide which jurisdiction they would join. Moreover, Frey suggests that the citizens can decide directly-democratically within these jurisdictions, which is what already happens in Switzerland, as described above. This proposal of Frey contains exactly the mixture between federalism and direct democracy that, as we saw in this chapter, will prove to be crucial for genuine peaceful and productive coexistence in the 21st century.