

BOOK REVIEW

Enrica Chiappero Martinetti (Ed.): La sfida dell'uguaglianza. Democrazia economica e futuro del capitalismo [The challenge of equality. Economic democracy and the future of capitalism]*

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The first two decades of the 2000s were characterized by economic upheavals that exacerbated never-solved problems and brought new fractures and tensions, creating unprecedented economic, social and geopolitical imbalances of concern. Economic and social systems have undergone profound transformations that have generated a substantial rebalance of the global geopolitical and economic power, a digital and technological revolution and an increase in average well-being in the global world. At the same time, neoliberal globalization has also generated growing income inequalities within and between countries, reinforcing the concentration of wealth in the hands of a few and the unequal distribution of resources, opportunities and outcomes. Further, a large proportion of people still suffer from extreme poverty and poor living conditions in many basic dimensions, including health, education and shelter. New forms of fragility and vulnerability are emerging and uncertainty about the future is growing, particularly for younger generations. The

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authors of *La sfida dell'uguaglianza. Democrazia economica e futuro del capitalismo*, edited by Enrica Chiappero Martinetti, try to answer this fundamental question: *Is there any space for equity and social justice in a global society?* This book is a reduced version, in the number of contributions, and partly revised in its contents, of *Social Justice in a Global Society. Toward New Forms of Economic Democracy for a Sustainable Development*, the 55th Annual of the Feltrinelli Foundation, published in November 2021. The cases reviewed offer an interesting and theory-rich contribution to the literature on social innovation and economic democracy, adopting an ethical approach to development based on the principles of global social justice.

The socio-political and economic transformations recently occurred in the world economy put into discussion some key aspects of our modern societies. In the first chapter, Enrica Chiappero Martinetti stresses three very relevant and to some degree interconnected limitations of the neoliberal capitalistic model. “The first flaw concerns the obvious limits of a global capitalist model with its progressive disconnection between the real economy and the financial economy, with a clear predominance of the latter over the former” (p.13). The second flaw relates to the issue of the adequacy of welfare systems to cope with the ongoing demographic and social transformations. Finally, the third flaw concerns the fragilities of institutions that are unable to deal with these social, political and economic changes. An answer to these challenges could be to build a true economic democracy.

Economic democracy cannot be considered, as often happens, only as a direct participation of workers to the management of firms. It cannot be only a higher representation within a voting system, but rather co-decision and co-responsibility in terms of choices, decision-making and management. One of the best definitions of economic democracy was offered by Dahl: “A system of self-governing enterprises could be part of a system of equality and freedom which I believe would both be, on balance, stronger than in a system of big business capitalism” (Dahl, 1985: 146). Economic democracy becomes, claims Chiappero Martinetti, an essential ingredient for achieving also a more complete form of political democracy. Declining the values of democracy in an economic sense means recognizing power in the sense of *empowerment* of citizens, not only as workers, “completes the meaning of political democracy and enhances its quality” (p.35). The nature and the limits of political democracy have been explored in depth in two Annals of the Feltrinelli Foundation edited respectively by Alessandro Pizzorno (2010) and Nadia Urbinati (2019), which highlight the difficulty for Western democracies to cope with the challenges arising from the links between economic and political systems. This is a very important topic and it is deeply discussed by the authors of these collected works. Their contributions help define the boundaries of what constitutes economic democracy, reminding us that it plays a central role in our lives and is functional to a “sustainable human development”, the concept introduced by the pioneering work of Amartya Sen (1998).

Olivier Bouin and Marc Fleurbaey (Chapter 2) discuss the conditions that can lead to a higher level of participation, i.e, economic democracy. The widespread influence of lobbies of all kinds, the dominance of economic and political oligarchies, the power of money in electoral systems and the

disintegration of public discourse are particularly disheartening. “The traditional disciplining role of transparency, accountability, responsibility and shame has completely disappeared in some corners” (p.53). Economic laws, social regulations and public tenders are under massive pressure from vested interests and lobbies for their own benefit and in the opposite direction to general interest and public good. The concluding remarks are that changes toward new forms of economic democracy will not happen without involving the business community and it is very promising that signs of its involvement are simmering already. “But a much larger coalition is needed, and as a general rule it is very rare to see democracy emerge without a bottom-up push” (p.77).

Maurizio Franzini (Chapter 3) discusses the serious limitations of a capitalistic model with its progressive separation between real and financial markets, and a clear predominance of the latter over the former, the extensive negative externalities generated by unsustainable production and consumption models, the deep transformation in the labour markets with progressive deregulation, and the rise of the “gig economy” with paltry wages and growing precariousness for workers. The author claims that there is good reason to believe that digital technologies may favour the concentration of power by virtue of unacceptable mechanisms. It is easy to predict that economic inequalities would worsen. Digital technology, in combination with the current “rules of the game”, make it possible to acquire inputs that are essential to accumulate profits (or rents) without incurring costs, to expand production and revenues without significant cost burdens, and to pass on to consumers costs that were previously essential for activities similar to those carried out on platforms. Moreover, the creation of barriers to protect against competition is greatly facilitated. All this is relevant to understanding the trends and characteristics of inequality.

Carlo Borzaga and Silvia Sacchetti (Chapter 4) cast doubt on the adequacy of current welfare systems on their capacity to prevent or mitigate the negative consequences produced by instable working conditions. Doubts are also advanced about the stability of welfare systems, which have been progressively weakened over time and are now inadequate due to labour market transformations, an aging population, increased vulnerability and risk of social exclusion. The purpose of their contribution is to analyse the real and potential contribution of civil society organizations engaged in the production of services of general interest. The two authors claim that since the 1980s almost all countries have witnessed a significant and unexpected growth in the number and visibility of variously defined organizations (non-profit, independent, non-governmental, third sector, social and solidarity economy, etc.) with explicitly social purposes. These forms of associative democracy, such as multi-stakeholder social enterprises and other new forms of inclusive organisation that are rooted in communities, compensate for the absence or inadequacy of the state and the market, and ensure the production of personal services in a relationship of territorial and value proximity, “generating economic and social growth and, at the same time, ‘producing’ democracy” (p.27).

“Another way to combine participation, development and sustainability in a perspective of economic democracy is to look at the worlds of the circular and social economies, and the plurality of initiatives, businesses and organisations that animate these realities” (p.28). In (Chapter 5), Rafael Ziegler and his co-authors claim that circular economy, by raising economic and social

sustainability, can also support economic democracy. They offer “an interesting narrative of 26 social enterprise experiences developed in Québec that lie at the intersection between these two worlds” (p.28). Despite their individual characteristics, these experiences share the common goal of transforming society and democratizing the economy through participation, along with, for these specific cases, a shared focus on the social and environmental sustainability of production processes.

Ravi Kanbur (Chapter 6) discusses the increasingly global dimension of economic, political and social problems, whose effects—negative externalities—inevitably transcend national borders. The author stresses the difficulties of national and supranational institutions in coping with the consequences produced by such transformations, in terms of personal insecurities and social tensions, with a resulting lack of trust of citizens in the democratic institutions. Kanbur claims that, from a historical perspective, the World Bank has been very important in financing and sustaining the economic development in underdeveloped countries. However, today this traditional instrument—the “sovereign loan”—is inadequate to deal with the multi-country spillovers hallmark of cross-border externalities. Kanbur (p.206) brings back the suggestions of an economists’ group: “An explicit new mandate for the World Bank should promote global public goods critical to development as its major priority, through the creation of a new financing window or fund with a separate governance structure and a target of deploying \$10 billion in grant resources annually within the next five years. Resources would be directed to selected programs with substantial spillovers at the global level, primarily in agriculture, energy/climate, health, and development policy data and research that cannot easily be structured or priced as traditional country operations” (Center for Global Development 2016: X).

The emergence of these three challenges (e.g., rethinking capitalism, reforming welfare states, strengthening institutions) requires to (re)consider new economic principles and innovative economic and social practices and to adopt a new ethical approach to development on which to (re)build current and future societies from a global perspective. National and supranational institutions are struggling to withstand the shock wave of these transformations, but seem unable to do so, resulting in a loss of citizens’ trust in democratic institutions. The contributions in this volume aim to address (at least some of) these issues from a multidisciplinary perspective. They also suggest that we look for new forms of economic organization, experiment with new models of social and economic innovation and promote democracy in the economy as a whole (for consumers, producers, workers, decision makers, citizens) in order to open up new spaces of opportunity and participation.

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