MACPHERSON, HABERMAS, AND THE DEMANDS OF DEMOCRATIC THEORY

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This paper examines the work of C.B. Macpherson and Jurgen Habermas in order to lay the basis for a critical theory of democracy that could address the challenges currently confronting critical or radical democratic theory and practice, and in particular the impact of neoliberalism. Considered together, the ideas of Macpherson and Habermas offer distinctive and powerful resources for this task.

In touch with both classical Marxism and the reform liberalism of John Stuart Mill and his English successors, Macpherson, in his democratic theory, emphasized self-realization — the ability to identify and fulfill capacities for human flourishing. Self-realization required positive, or developmental, liberty: the equal and effective right to live as fully as one would wish, unconstrained by unnecessary internal and external impediments to exercising one's distinctively human capacities, where the key source of such impediments was the institution of capitalist private property. Positive liberty was intended to complement and enrich the classical liberal emphasis on negative liberty, freedom from interference by others.

Shaped by the first generation of Frankfurt School theorists, but attuned to contemporary theoretical currents that reject notions of self-realization that imply a specific, concrete, fulfilling form of life (a “good” life), Habermas stresses self-determination: the capacity for individuals both to achieve self-direction or personal autonomy in carrying out their personal aims constrained as little by others as possible, and to attain political autonomy by participating actively in collective determination of the laws by which they are governed. This is Habermas’s version of the relation of positive to negative liberty, one he believes more suited to the realities of modern, pluralistic societies. To this end, he offers a discourse theory of constitutional democracy.
that attempts to synthesize the liberal value of individual freedom with the communal and democratic emphasis on popular sovereignty and collective self-determination through the maintenance of a vibrant civil society within which citizens are able to actively deliberate and so legitimate the laws by which they are governed. At the centre is communicative rationality: a type of reason based on mutual understanding. This reason is explicitly social and intersubjective. It anchors a communicative freedom that secures both a right to speak and the ability to do so.

We begin with a brief account of the impact neoliberalism has on democratic theory and appraise responses to it. We then outline our own conception of what a critical theory of democracy requires: a developmental model that addresses issues of self-realization and self-determination that Macpherson and Habermas emphasize, but which we believe are given insufficient weight in most thinking about democracy.

We then examine Macpherson’s critical examination of the ideas of Milton Friedman and Isaiah Berlin, with particular emphasis on Berlin’s well-known account of negative and positive liberty. Macpherson produced a striking and powerful reformulation of the problem of liberty that confronts issues at the core of neoliberalism. We explore Habermas’s version of a radical democratic theory that combines self-realization and self-determination, private and public autonomy, both its strengths and its limitations that could be addressed by incorporating insights from Macpherson. Finally, we assess Macpherson’s concept of the “net transfer of powers” and indicate how this idea could allow the distinctive but overlapping positions of Macpherson and Habermas to converge and demonstrate their ability to illuminate the circumstances and challenges confronting democratic theory in the contemporary period.

**The Limits to the Neoliberal Challenge to Democracy: Renewing Critical Theory** With its celebration of market values, neoliberalism emerged out of both the collapse of Soviet-style socialism and the decline and market-driven transformation of the post-Second World War welfare state and its associated theory and practice of democracy.¹ The welfare state varied considerably between different countries, and its numerous deficiencies have been
well documented. Nonetheless, it purported to reconcile economic freedom and private property with mass democracy — to combine economic growth and efficiency with equality, social justice and solidarity, and meaningful, popular-democratic-will formation. With the erosion of the socioeconomic conditions that made it possible, the two components of the welfare state “consensus” — economic liberalism and social democracy, or the “free market” and democratic suffrage — split apart. Neoliberalism represents the triumph of the former over the latter, the economization of politics as opposed to the (democratic) politicization of the economy. Its impact has been immense, in theory and practice.

The links among neoliberalism and counterdemocratic tendencies have been treated insightfully by analysts such as Naomi Klein and David Harvey. Klein identifies a new form of crisis capitalism in which the manufacture and manipulation of crises provide opportunities to restructure social and economic relations. Such restructuring is presented as inescapable and therefore beyond widespread and potentially open-ended public discussion. Contemporary neoliberalism thrives on a permanent state of emergency, which relies on fear rather than deliberation.

David Harvey, too, sees in the neoliberal project a coercive attempt to roll back the social and political achievements of the welfare state. While some critics see this as a utopian project doomed to fail, Harvey views neoliberalism as a by-and-large successful strategy for restoring the conditions of capital accumulation and hence the power of economic elites. The stress on the restoration of order brings out the conservative, or even reactionary character of neoliberalism as a central phenomenon to be explained.

For other analysts, neoliberalism has engendered a “risk society.” Instead of increasing security for all, neoliberal economic expansion has heightened social, economic, and environmental risks and transferred these to individuals and groups least capable of absorbing them (while at the same time states secure the support of those interests — financial, industrial, electoral, and, occasionally, labour — required for successful governance). As populations become more vulnerable in the face of economic crises, governments appear less willing or able to protect civil rights or maintain social rights
that would permit the vulnerable to develop their powers as citizens. It is as if the Hobbesian-Lockean social contract covers fewer and fewer people, with ever larger numbers left to fend for themselves in what amounts to a “state of nature.”

Yet neoliberalism and its theoretical justifications do not simply recast classical Hobbesian or Lockean themes. Combined with theories of social choice, they posit models of social action that comport with the behavioural demands of a large-scale market economy in which the rationality of consumers is measured by a concatenation of choices. This methodological individualism has, at best, a weak link to the moral individualism that was also a feature of classical liberalism, and its notion of limited sovereignty.

But at the same time, the commitment to methodological individualism makes clear that neoliberalism is not just about the capacity for capitalist institutions and practices to limit democratic possibilities. It also involves its ability to entrench a possessive individualist understanding of human agency, where individuals are self-interested maximizers who relate instrumentally to others in ways that undermine possibilities for democratic solidarity. This significantly complicates the task confronting critical democratic theory.

For this same methodological individualism and its ties to instrumental market rationality has had a profound effect on contemporary democratic thinking, even where it eschews the harsher Hobbesian-Lockean elements of the neoliberal mix and assumes a critical perspective. While it devotes considerable attention to the design of democratic institutions and their successful functioning, this work typically has less to say about the pathologies of democracy neoliberalism produces. It lacks sufficient reflection on the genesis of existing conditions and considers few alternatives beyond reform of the existing order — the idea of a democracy dedicated to the transformation of hierarchical relations throughout society and the subjection of social forces to conscious regulation appears to have withered. Its conceptual commitments belie its critical intentions.

Thus Ian Shapiro, no fan of neoliberalism, argues that while markets are the primary institutions shaping our notion of work, we should not be concerned about the relevance of their genesis for questions of democratic
social justice. Such “counterfactual” speculation is “antithetical to the spirit of justice, whose purpose is to find viable ways of democratizing existing social relations.” For Shapiro, this counsel of “realism” extends more generally to democratic theory as a whole. In his view:

Much academic analysis in both the aggregative and deliberative traditions [of democracy] trades on some version of Rousseau’s identification of it with the search for a common good that reflects society’s general will. Despite their other differences, this way of framing the problem leads theorists in both traditions to harbour rationalist expectations of democracy on which it is impossible to deliver.¹⁰

In a similar vein, Joseph Heath, who applies game theoretical insights to critical theory, claims that in the wake of the collapse of the state socialist model, no viable alternatives to the market exist. Methodological individualism, rational choice, and a general rejection of the totalizing and utopian spirit of the French Revolution are central to his theoretical framework. Only moderate reform involving “mechanical” institutional design seems possible given the unshakeable reality of individual self-regarding self-interest: “Rather than simply trying to legislate desirable social conditions, the goal … is to develop a set of rules that will indirectly constrain the conduct of individuals in such a way that it will be in their interest to promote desirable outcomes.”¹¹

To be sure, theorists such as John Dryzek and Nancy Fraser are not so bound by market rationality and attempt to connect politics, economics, and democratic theory in a more extensive critical account of the present and the possibilities for radical change. Nonetheless, their efforts have fallen short of the normative critical analysis of social conflict implied and required by their critical intentions. Dryzek, for example, recognizes the incompatibility between further democratization and the limitations imposed by liberal capitalism, but lacks any sustained attempt to develop an emancipatory theory. His work treats questions of liberty central to Macpherson and Habermas as secondary and so fails to provide a clearly articulated theory of the restrictions on developmental freedom that neoliberalism invokes and the potentials for transformation that would release these potentials.¹²
Nancy Fraser’s well-known dialectic of redistribution and recognition includes elements of communicative freedom on which Dryzek does not elaborate. At the same time, however, it fails to successfully grasp the role of the politics of recognition in the neoliberal constellation. Fraser seems to equate the rise of neoliberalism with the emergence of this politics and consequent displacement of issues of redistribution. While questions of recognition open up new zones of social conflict that are distinct from, but still elaborations of, developmental freedom, they intensify rather than displace conflicts over impoverishment of the social life world that results from the neoliberal marketization of social relations and the potentials for democratic participation and social freedom that are opened up in these zones of conflict.13

We think that a developmental account of democracy can provide the basis for a more robust critical perspective. This account stresses active citizenship and conceives democracy as more than a procedure for collective decisionmaking. It assumes that actors not only decide or deliberate on public questions, but that in so doing produce themselves as deciders or deliberators. Individuals respond to and shape the conditions and structures within which they act. They become agents of a certain kind: they give a rational and thus normative content that can be read off the decisions taken and institutions objectified, and at the same time defines them, their relations to each other, and their ties to their common practices.

A critical theory of democracy should not only illuminate the unavoidable connection of the economic to the political, of the structures of capitalism as a system of social power to formal political institutions, a connection neoliberal discourse strives to sever, deny, or cover over. It must also retrieve the normative core of democracy and its links with solidarity among agents bound together in a common situation shaped by and through processes of mutual recognition and mutual understanding. This retrieval involves the ways in which radically reformed social institutions both make possible and arise from the transformative, developmental possibilities that individuals must be assumed to possess if the aspirations associated with alternatives to neoliberal politics are to be plausible.

At the heart of these aspirations, and therefore a developmental model
of democracy, is a conception of freedom in the tradition of positive or developmental liberty. This conception combines self-realization and self-determination — that is, a “classical” understanding of positive liberty associated with the ideas of Macpherson — with communicative freedom, where this combination informs a robust conception of agency as intersubjective and interactive, a theme central to Habermas’s work. This is an account of freedom that neoliberalism misses and that, in our view, its critics do not sufficiently emphasize. Macpherson’s analysis of two important pillars of neoliberalism — Milton Friedman’s celebration of the free market and Isaiah Berlin’s defence of negative liberty — opens the way to the kind of thinking we want to defend.

From Friedman to Macpherson: Beyond Neoliberalism First published in 1968, Macpherson’s appraisal of Milton Friedman’s influential defence of laissez-faire capitalism in his Capitalism and Freedom presciently identifies and lucidly examines three elements of Friedman’s analysis that were to become central to the neoliberal position:

That competitive capitalism can resolve ‘the basic problem of social organization,’ which is ‘how to co-ordinate the economic activities of large numbers of people’ … by voluntary co-operation as opposed to central direction by state coercion … that competitive capitalism is a system of economic freedom and so an important component of freedom broadly understood … [and] … that capitalism is a necessary condition of political freedom (and that socialism is incompatible with political freedom).14

Friedman defends a model of a simple market economy that assumes free and equal exchange among individuals and households who control the resources needed to produce goods and services. As a result, they have the choice of either exchanging goods and services or producing their means of subsistence themselves; hence all exchanges are voluntary because individuals and households enter into them only if they benefit. There is social cooperation without coercion.

For Macpherson, the flaws in Friedman’s position become clear when he moves to the real-world, capitalist market economy. Friedman argues that,
in a complex economy, cooperation remains voluntary as long as enterprises are private and parties to exchange are individuals, and as long as individuals are freely able to enter into or refuse any particular exchange. But as Macpherson sees it, voluntary cooperation requires not simply that individuals have the ability to refuse any particular exchange: they must also be free to refuse to engage in exchange at all. In a capitalist market economy, the conditions of the simple model do not hold because the division between those who own productive resources and those whom they employ — that is, between capital and labour — leads to unequal power between the two groups and hence coercion by one over the other because of “the existence of a labour force without its own sufficient capital and therefore without a choice as to whether to put its labour on the market or not.”15

Friedman asserts that competitive capitalism provides the only firm guarantee of political freedom. Political freedom is the ability to openly promote radical social change and requires those civil liberties that secure individuals from state coercion. A socialist society (that is, one in which positive or developmental freedom would be central) could not do so because in Friedman’s model of socialism, the government would be a monopoly employer and thus could deprive political opponents of their livelihood. Since it would be difficult if not impossible to promote transformation to capitalism, a socialist order could not meet the standard of political freedom.

Macpherson, however, does not focus on this account of socialist economic relations. Instead, he offers a subtle and complex response to Friedman’s treatment of freedom. And while Macpherson accepts that the capitalist economy is a system of power rooted in the relation between capital and labour, he does something equally vital for establishing the key elements of a developmental democratic theory: he takes up Friedman’s arguments (and by extension the neoliberal paradigm itself) on their own grounds. Thus understood, they fail in their own terms. Since Friedman understands freedom as negative liberty, but does not recognize coercion where some control the labour of others, the claim that capitalism secures this freedom, and is in fact the only system that can do so, is questionable, at the very least.

But there is another element of Macpherson’s position, one implied in
his claim that the presence or absence of political freedom under socialism is a matter of political will and not an inescapable consequence of socialist economic and political structures, as Friedman argues. As Macpherson sees it, while under capitalism the political and the economic are intimately connected, they need not always be so in every conceivable circumstance. The problem with (neo)liberalism is not just that it emphasizes in theory the separation of the political from the economic, a realm of coercion from a realm of freedom, while contradicting it in practice. Rather, it unwittingly reveals that, in fact, the political and the economic should be separate, but under capitalism cannot be.

This accounts for the distinctive quality of Macpherson’s theory of radical democracy. The issue of will suggests that politics should be, and ideally would be, autonomous; it also means, therefore, that individual civil and political rights would remain essential even in a radically transformed and more fully democratic social order. On the one hand, in a complex and technically advanced productive system there would still be the need for structures of rational authority, even if such authority would no longer be subordinated to the demands of class power, or what Macpherson would later call extractive power. This is the Marxian or socialist dimension of Macpherson’s outlook. But while accountable to the political will of the society, the productive apparatus could not be directly absorbed in it, nor could political authority dissolve into a free association of producers.

On the other hand, Macpherson assumes there would also remain the need for organized political authority to reconcile conflicting interests and to provide security for individuals in the face of possible threats from others. At the same time, this power would itself need to be held accountable because there is no guarantee against holders of political authority abusing their positions. This highlights the liberal or individualist dimension of Macpherson’s work, one often overlooked or denied by supporters and critics alike. But it does not stand alone in opposition to the Marxian dimension because Macpherson sought to synthesize both.

Thus Macpherson does not simply dismiss Friedman’s conception of negative freedom. He seeks instead to deepen and radicalize it by exploring those conditions under which it would be possible for individuals to escape
all save socially necessary coercion. Macpherson did not fully develop this case in his analysis of Friedman's ideas. But he did explicitly do so in his account of Isaiah Berlin's theory of freedom.

**Macpherson and Self-Realization: Berlin on Individualism as Negative Liberty** Isaiah Berlin defended negative liberty against what he saw as the totalitarian implications of positive liberty. Although his position has affinities with that of Milton Friedman, Berlin was no proponent of laissez-faire economics. Thus, he has influenced not just neoliberals, but also progressive critics who have come to accept his unfavourable view of positive liberty. C.B. Macpherson devoted careful attention to Berlin's position because he recognized its powerful challenge to his own view that a democratic theory required a positive or developmental concept of freedom.

Berlin identifies positive freedom with rational self-mastery: as an individual I am:

> Moved by reasons, by conscious purposes which are my own, not by causes which affect me, as it were from the outside … I wish, above all, to be conscious of myself as a thinking, willing, active being, bearing responsibility for my choices and able to explain them by references to my own ideas and purposes. I feel free to the degree that I believe this to be true, and enslaved to the degree that I am made to realize it is not.\(^{17}\)

The danger of positive freedom is that I may not realize I am unfree and so must be “made” to do so by those who can see what I cannot. For Berlin, this is a recipe not for freedom but for domination, under which the allegedly more fully rational can coerce those not (yet) fully rational and thus not aware of what their “real” interests require. It is a formula for forcing people to be free.

Unlike Friedman, Berlin does not link political freedom exclusively to the capitalist market. Friedman employs an ideal model of strategically rational human action that requires maximum noninterference. For Berlin, the fault lies with what he sees as the sweepingly comprehensive rationalism of developmental thought. He equates developmental ideas and thus radical democratic popular sovereignty with a Platonic and/or Hegelian commit-
ment to an ultimate harmony of human purposes and one “true” way of life, rather than to a plurality of life forms. While Berlin understands autonomy as self-mastery or self-determination, he claims:

There is no necessary connexion between individual liberty and democratic rule…. The desire to be governed by myself, or at any rate to participate in the process by which my life is to be controlled, may be as deep a wish as that of a free area for action, and perhaps historically older. But it is not a desire for the same thing.\(^{18}\)

In other words, like other neoliberals, he separates liberty and equality.

For Macpherson, however, Berlin errs in equating positive liberty with authoritarianism. Rather, positive liberty recognizes the intersubjective nature of human activity as an element of liberty itself. Because he does not embrace the possessive individualism of rational choice and strategic action, Berlin attempts to take intersubjectivity into account, while at the same time retaining the notion of negative liberty. Thus he defends welfare state measures that serve as social preconditions for the exercise of (negative) liberty. But they can never form part of liberty itself, which for Berlin, as for Friedman, can mean only freedom from coercion.

By contrast, Macpherson develops an expanded conception of freedom, under which negative and positive liberty are compatible and even mutually reinforcing. The critical element here is the issue of capitalist impediments to self-realization: where access to what Macpherson calls the means of life and labour is severely restricted, the range of negative freedom — that is, the area within which individuals cannot be interfered with — is likewise narrowed. The area within which I cannot be interfered with — that is, have benefit from the use of my capacities extracted from me — both requires and facilitates my ability to develop my capacities under my conscious direction, and vice versa. In other words, inequality limits all freedom; the deeper the inequality, the greater the limits. Because the two forms of freedom are complementary, Macpherson suggests that we replace the terms negative and positive liberty with counterextractive and developmental liberty.\(^ {19}\)

Indeed for Macpherson, it is not just that inequality limits freedom. Inequality constitutes unfreedom. Unequal distribution of goods and
resources limits life chances. But inequality also involves normative questions of how social organization simultaneously expresses and denies human potentialities because it is not just a fact about individuals, but an ongoing, continuously produced modality of individual and social experience. It has emerged in the face of a specific historical situation and predicament: the present and potential futures of human powers understood as capacities of a certain sort. We call these capacities for rational self-constitution.

This approach makes Macpherson’s a critical theory of democracy. As a result, his position is an account of the present that puts up a wager about the future. The wager is that what people have been driving at (and could under appropriate conditions more self-consciously and perspicuously articulate) is self-realization understood as the development and exertion of their distinctively human capacities, where this distinctiveness resides in these capacities being in principle noncontentious. Macpherson’s expanded conception of freedom can thus be linked to an emancipatory normative commitment to the reduction of destructive conflict. Neoliberalism cannot embrace such a commitment because possessive individualist self-assertion is not identical with developmental autonomy.

Under this conception of human capacities, morally justifiable egalitarian and democratic rights “are only those which allow all others to have equal effective rights; and … these are enough to allow any man to be fully human.”20 Not only would a developmental democracy maximize human powers, understood as those that facilitate the exercise of one’s distinctively human capacities, but only those capacities are truly human, that is to say genuine and fulfilling, whose exercise does not prevent others from exercising theirs. Without the possibility of nondestructive development of powers, “what would be the use of trying to provide that everyone should be able to make the most of himself, which is the idea of a democratic society, if that were bound to lead to more destructive contention?”21

But there still are two notions of liberty. The classical liberal idea that people must be protected from invasion on the part of other individuals and political authorities remains central. On the other hand, Macpherson also believed that eliminating the extractive power central to capitalism was both desirable and possible, and any comprehensive theory of democracy
committed to the idea that each individual ought to have the fullest right of, and opportunity for, self-development had to consider it. At the least, the existence of impediments requires freedom-enhancing as opposed to freedom-denying coercion: the use of democratic political authority to limit the extractive power of those in a position to deny to others access to the means of life and labour.

Macpherson recognizes that freedom-enhancing coercion limits the powers of some in order to enhance the powers of others. But this problem is not insuperable once freedom is no longer defined as the absence of all obstacles, all barriers to the realization of one’s desires. To take an example, establishing social ownership of capital may remove from the sphere of negative liberty those activities associated with “free enterprise.” But this might well enhance negative liberty overall “if the gain in liberty by those who had doors closed to them more than offsets the loss of liberty by those (relatively few) who had been in a position to take full advantage of market freedoms.”

As Macpherson recognizes, in the “real world” of liberal (capitalist) democracies, those who exercise extractive power have at least been in the position to exercise the very developmental power that democracy is supposed to promote. But because this is beholden to the exercise of extractive power, it carries a cost for both those who hold it and those subject to it. However, if developmental democracy hinges on the claim that not only can one imagine genuine human capacities as noncontentious, but that these just are those that are noncontentious, then the core issue “comes down to the postulate that a fully democratic society cannot permit the operation of any extractive power, and that a society without any extractive power is possible. The serious difficulty about a democratic society is not how to run it but how to reach it.”

Jurgen Habermas, too, sees a gap between democracy now and as it might be, which his discourse theory of constitutional democracy is intended to address. His approach seems distinct from Macpherson’s, and less critical, because it focuses more explicitly on law, rights and autonomy, constitutionalism, and deliberation. Nonetheless, like Macpherson, Habermas assumes that liberalism and democracy are not only compatible, but that
more radical understandings of each are essential if their full potential is to be realized. His attempt to synthesize and transcend what he calls liberal and republican models of democracy parallels Macpherson’s efforts to fuse liberalism with socialism, counterextractive with developmental liberty.

**Habermas on Democracy: Communicative Freedom, Self-Determination, and Autonomy** For Habermas, liberal and republican models of democracy offer differing conceptions of freedom and rights, neither of which by itself captures what he believes essential for a successful democratic theory. The liberal model is a market model, which understands the public will as an aggregate of individual choices that shape the direction and use of political power. Individuals are independent bearers of rights protected by the state, agents who enjoy negative freedom.

By contrast, the republican model emphasizes a comprehensive notion of ethical life where politics and ethics are fused. Here, politics is not an aggregate of private interests, but involves a quasiobjective collective ethos. Citizens of “good” character are shaped through political participation. A communal, ethical life generates forms of political solidarity. Bound in solidarity, individuals recognize each other as free and equal participants who share a common world and together exercise popular sovereignty. Citizens are primarily public persons whose rights of communication and participation are prior to private rights.

As Habermas sees it, liberalism lacks a clear sense of the solidarity that republican politics identifies and hence has a limited notion of the social world. Republicanism fails to recognize the independence of rights claims from any particular ethos, and tends to underestimate the role of administrative power. The one employs an exclusive notion of private interests; the other of public freedom. For Habermas, like Macpherson, an adequate democratic theory must recognize the copriority of both public and private freedom.

The notion of communicative freedom is essential for this task. It is intended not to replace, but to enrich negative and positive liberty. Communicative freedom involves our capacities to engage not merely in dialogue or deliberation with others, but to undertake all forms of meaningful
interaction through mutual recognition — what Habermas calls communicative action. Neither communicative freedom nor the interpretive dimension of social interaction relate exclusively to a narrowly conceived public or political sphere. All human action is interpretive, that is, mediated through forms of mutual understanding, which in turn implies the mutual accountability of individuals who are prepared to offer reasons for what they say and do. The communicative dimension is a pervasive feature of all social interaction, including labour. It exists prior to any particular human rights or concrete sense of community.

Communicative freedom and communicative action are central to Habermas’s deliberative conception of democracy. Rights to equality, freedom, and communication are drawn from the basic conditions of mutual recognition and not from the isolated individual: “[t]his reciprocal relation is expressed by the idea that legal persons can be autonomous only insofar as they can understand themselves as authors of just those rights which they are supposed to obey as addressees.”

To flesh out the conditions of active autonomy, Habermas gives his deliberative account a specifically “discursive” twist, whereby “[j]ust those action norms are valid to which all possibly affected persons could agree as participants in rational discourses.” In the form of “the democratic principle,” it “states that only those statutes may claim legitimacy that can meet with the assent (Zustimmung) of all citizens in a discursive process of legislation that, in turn, has been legally constituted.” Citizens engage in self-determination as “legal consociates who recognize one another as free and equal members of an association they have joined voluntarily.”

These “legal consociates” enjoy equally private and public autonomy, human rights, and popular sovereignty, “the individual liberties of the members of the modern market society … [and] … the rights of democratic citizens to political participation.” The “co-originality” and interdependence of private and public autonomy is such that citizens:

Can make an appropriate use of their public autonomy, as guaranteed by political rights, only if they are sufficiently independent in virtue of an equally protected private autonomy in their life conduct. But members of society
Studies in Political Economy

actually enjoy their private autonomy to an equal extent — that is, equally distributed individual liberties have ‘equal value’ for them — only if as citizens they can make an appropriate use of their political autonomy.  

They achieve both only as participants in a legal order where law, as both fact and norm, secures political legitimacy “through the socially integrative force of the ‘concurring and united will of all’ free and equal citizens.”

This general will is the product of democratic procedures that make deliberative engagement possible. These, in turn, facilitate the maintenance of responsive parliamentary institutions and political pluralism, including competitive political parties and autonomous public spheres. Public spheres, anchored in civil society, are thus more than simply means of organizing interests to influence state power. Rather, they are vehicles of participation in which citizens form themselves through their active involvements in the world, and so sustain their autonomy. Autonomy turns out to be a complex process that interweaves self-interpretation, self-development, self-determination, and freedom of communication in an intersubjective context.

Habermas ties his discourse theory of democracy to a discourse theory of law because he wants to distinguish his account of the modern democratic state from both the classical liberal (i.e., contemporary neoliberal) conception of the state, which focuses on the relation of (coercive) political power to free (market) society, and classical Marxist and social democratic conceptions (where the state either institutionalizes social class power or secures the welfare of its citizens by means of egalitarian distributive policies). Against formal liberal and material welfare state paradigms of law and their limitations, Habermas counterposes a proceduralist one.

The proceduralist paradigm is Habermas’s “postmetaphysical” version of Hegel’s conception of objective spirit as the universal “reason” of a political- and solidarity-based ethical life under which the mutual recognition of subjects as sharers of a common fate is guaranteed. This paradigm serves as the “spirit” of a plural world in which this mutual recognition now must take the form of the legal guarantees of private and public autonomy as a system of rights among equal legal consociates who enjoy communicative freedom and must order their relations within the framework of this-worldly positive
law. This spirit of proceduralist law informs and rationalizes the institutions of political opinion and will-formation that are intended to secure a functional separation of powers. Proceduralist law *qua* ethical life establishes the identity of the modern democratic constitutional state and the inner connection between private and public autonomy, justice, and popular sovereignty.32

Habermas’s conception of the interpenetration of private and public freedom provides a starting point for a critical democratic theory similar to Macpherson’s. Its critical quality resides in its ability to link concrete forms of life that are historical and social to the pathologies of late modern forms of capitalist globalization. The liberal idea of basic rights, as Macpherson points out and Habermas accepts, is both atomistic and easily transformed into possessive individualism. It fails to account for the impediments to public freedom generated by an exclusive reliance on market institutions and their inequalities of power and money. Unequal power leads to unequal public freedom. The achievement of equal private rights requires equal public freedoms and social rights.

For Habermas, then, successful fulfilment of the principles of the constitutional democratic state and the securing of private and public autonomy depend upon realizing the potential of modern communicative rationality; all hinges on the capacity to successfully transform communicative into administrative power by means of law, which, for Habermas as for Macpherson, incorporates both coercion and freedom. Market mechanisms operate behind the backs of individuals to aggregate and coordinate their actions. They cannot foster symmetrical relations of mutual recognition that secure individual identity by taking up and transforming the spirit of face-to-face encounters with concrete others because such mechanisms require people to treat each other instrumentally. They cannot facilitate either popular sovereignty or solidarity. On the other hand, there can be no natural organic community ensuring a frictionless fit between individual aspirations and communal purposes. Hence, like Macpherson, Habermas engages the historically situated tension between negative and positive freedom; and he too seeks a synthesis that both preserves the critical vantage point and indicates the tasks that must be undertaken to realize (private
Studies in Political Economy

and public) autonomy and (communicative) rationality — that is, the promise of law itself.

While his recent writings on global cosmopolitanism do not fully realize the potential inherent in his theoretical outlook, do the demands of Habermas’s own theory call for more, as William Scheuerman suggests they do? For Habermas also acknowledges the presence of unaccountable power in the economic, political/administrative, and cultural systems of contemporary society.

The classical socialist critique of capitalism argued the need to subject market forces that operated in a nature-like way to a body politic capable of a common interest, whose realization would ensure the well-being of all its members. Habermas has tended to argue instead that the economic system characteristic of advanced industrial society can no longer, if it ever could, be subjected to this kind of centralized direction; it can only be steered indirectly. The classical notion assumed a self-directing totality that is split apart by capitalism and is redeemed by socialism. This no longer seems plausible. But to admit the limitations of the classical socialist ideal does not at the same time entail resignation in the face of the apparent inability to imagine alternatives to the existing order — without which any developmental account of democracy falters.

However, just as Macpherson (often viewed as an orthodox Marxist) actually developed a complex synthesis of socialism and liberalism, Habermas (who is frequently dismissed as a mainstream liberal or social democrat) provides within his body of work the basis for a more radical critique than is typically assumed. He argues, for example, that the classical Marxist concept of reification, whereby human relations under capitalism take on thing-like qualities, remains valuable, but needs reformulation to take into account distorted patterns of communicatively structured, intersubjective interaction. For Habermas, reification does not reflect a sundered totality that splits the political and economic, but instead expresses the impoverishment of the lifeworld caused by the conversion of forms of meaningful social life into economic imperatives that restrict meaning. This is a political project, which to be effective requires forms of social and political subordination and control. The agency of actors can be limited such that
it becomes quasimechanical, habitual, and automatic. Nonetheless, relations of domination can never fully eliminate agency and recognition from the lifeworld. The need for mutual understanding and cooperative activity in labour, and the political need for legitimation require at least assent, if not consent. The subaltern must retain some sense of their own domination.

From this standpoint, we can see another contradiction between capitalism and democracy, one that is central to the pathologies of neoliberalism: the conflict between the increasing impoverishment of the lifeworld and the possibility for a more fulfilling, democratically organized society. This conflict cannot be resolved for Habermas within the bounds of capitalism. The increasingly risky character of everyday existence, with the infusion of fear and manipulated crises, belies and yet calls to our attention the conflict between existing conditions and future possibilities.

How participants respond to the impoverishment, however, has a bearing on political and economic possibilities. Defensive reactions to impoverishment rely on traditional social patterns to maintain the integrity of the lifeworld. These often (though not always) reproduce forms of authority and conceptions of justice that buttress social inequality and legitimize relations of domination. In the current neoliberal constellation, these defensive reactions are paradoxical in another way. They serve to support an economic system that undermines the integrity of the lifeworld that defensive social movements hope to maintain.

Progressive responses to impoverishment aim to retain integrity by expanding the spheres of freedom and righting the imbalance of possessive individualism. These include an inclusive politics, which addresses problems of both recognition and redistribution. Unfortunately, contemporary critical theorists, including Habermas, who have focused on questions of cosmopolitan citizenship, as important as these are, have lost sight of the pathologies engendered by the impoverishment of the lifeworld. They can no longer undertake what a critical theory demands; namely, establishing a clear connection between the goals of an emancipated society and the barriers thrust up by the forces of domination. Nor has Habermas shown that he is capable of taking up the complex problems of global development and underdevelopment at any point in his own biography. But it is
possible to develop the latent threads of this diagnosis in conjunction with Macpherson’s intuitions, and so provide a powerful critique of the barriers that limit the emergence of egalitarian global justice.

In pursuit of this task, this paper concludes with an examination of C.B. Macpherson’s concept of the net transfer of powers, which we believe synthesizes and strengthen the insights of both Macpherson and Habermas. This concept can do so because it not only creatively combines political economy and political theory, showing them to be inextricably intertwined, but also cogently illuminates the kind of critical reflection a developmental model of democracy both requires and calls forth.

**The Net Transfer of Powers: Beyond Capitalism and Possessive Individualism?** The net transfer of powers refers to the fact that in liberal democratic, capitalist market societies, “which [operate] necessarily by a continual and ubiquitous exchange of individual powers,” those who own capital — that is, the means of life and labour — control access to these for those who do not; yet all require such access if they are to maximize their powers to use and develop their human capacities. Since liberal democracy justifies itself on the grounds that it facilitates individual self-realization, it is caught in a fundamental contradiction: “A society in which a man [sic] cannot use his skill and energy without paying others, for the benefit of those others, for access to something to use them on, cannot be said to maximize each man’s powers.”

The net transfer of powers and the problem of impediments at the core of Macpherson’s account of freedom entail each other. In a society divided between owners and nonowners of capital, those who lack access to the means of life and labour transfer “both the ability to work and the ownership of the work itself; and, consequently, the value added by the work.” This transfer is structurally determined in that it is “a continuous transfer between non-owners and owners of the means of labour, which starts as soon as, and lasts as long as, there are separate classes of owners and non-owners; not a momentary transfer occurring at the time of that separation.” And it is measurable: “it is the amount of exchange value (whether in money terms or real terms) that can be added by the work to the materials on which it is applied, and be realized in the value of the product.”

104
This clearly echoes the Marxian theory of surplus value. But Macpherson goes further. He claims that at stake is not just the transfer, but also the diminution of powers. He distinguishes productive powers — the ability to use one’s energies and capacities to produce material goods — from extraproductive powers the ability to engage in activities beyond the production of goods that provide opportunities to exert and enjoy one’s human capacities for their own sake. In the course of continuously transferring powers, one loses beyond the value of the transfer the fulfillment that comes from exerting capacities according to one’s autonomous purposes, whether this take place in productive activities or outside them. Where people lose this ability to direct their productive capacities, they also suffer impairment of their capacity to do so beyond the sphere of production. They are deprived of the opportunity to become what they could be — to exercise their capacities for what we earlier called rational self-constitution. The process of identity formation is skewed by the requirements of extractive power.

Both the transfer and the diminution of productive powers remain central for Macpherson precisely because:

Although the seller [of one’s productive capacities] indeed transfers the whole of his labour-power, the whole control of his productive capacities, for the contracted time, he can transfer only part of the value it would have had if it had been able to keep it; the rest of that value is lost and is lost by virtue of the fact that he has to sell. If he were able to keep his labour-power and use it himself, its value would be the satisfaction value plus the value which its application added to the materials on which it was applied. 38

Macpherson’s position carries an important implication. He connects his account to the claim that a fully democratic society must maximize the equal ability of all to use and develop their distinctively human capacities, and argues that abolishing this transfer would facilitate the development of capacities that are ultimately noncontentious. It is easy to assume that the abolition of the net transfer (and consequent diminution of powers) means or just is the expression of distinctively human capacities, that the elimination of the class relations of capitalist society means a noncontentious society.
But Macpherson does not offer such a concrete picture. What is important is the transfer and diminution of powers, not the powers themselves. Their specific content presupposes appropriate conditions for their formation. This content cannot be spelled out in advance.\(^\text{39}\) Presumably, one of the conditions for developing these powers would be the opportunity to engage with others and exercise communicative freedom as Habermas understands it.

This raises another issue. For Macpherson, the justificatory theory of liberal democracy has relied historically upon two maximization claims. Along with the claim to maximize human powers is the claim to maximize utilities. Macpherson sees these as inherently contradictory, a barrier to a defensible theory of liberal democracy faithful to democracy’s humanist aspirations. But what interests us here is that Macpherson set out his two concepts of power, extractive and developmental, in the context of this argument. Previously, he had distinguished between a descriptive and an ethical notion of power.\(^\text{40}\) For Macpherson, this formulation was ultimately flawed because the descriptive concept — essentially Hobbes’s view that power was any apparent means to some future apparent good — was unable to even recognize much less quantify the net transfer of powers, since it measured the power of individuals after such transfer has occurred. Habermas appears to accept a comparable version of Macpherson’s notion of power, for he views the exercise of communicative freedom as, at best, a way to hold institutions accountable. (What is left of existing welfare states, for which Habermas provides a qualified defence, also regulates power that manifests itself after a transfer has occurred.) Here, however, Habermas’s latent analysis of the impoverishment of the lifeworld could be combined with Macpherson’s notion of the net transfer of powers in order to further deepen the analysis of neoliberal (and capitalist) democracy.\(^\text{41}\)

Macpherson of course believes that the maximization of democracy requires abolishing extractive power and thus substantial transformation of existing capitalist market institutions. In an era within which global capitalism has seemed triumphant, this appears impossible, but perhaps, for that reason, utterly necessary. The idea of abolishing extractive power and the institutions that embody and preserve it may well expand the reach of the democratic
imagination, and our sense of the real and its possibilities. It asks us to think more expansively about our models of democracy and how they fit in the current circumstances. And for both Macpherson and Habermas, this involves not only the transformation of the economic conditions of capitalism, but also the realization of the fundamental conditions of individualism as autonomy. Neoliberalism has to be challenged on both fronts.

Theorizing about political questions, including democracy, requires a sensitivity to historical location, one’s own and that of one’s ideas. The dynamic and changing relation between democracy as a value and a form of political practice, and the need to relate these to fundamental and unavoidable conceptions of human purpose, is at play in all accounts of democracy — it is a condition of their intelligibility. Failure or unwillingness to attend to this — and often this is the product of a quest for realism — unduly limits the questions posed, and may be unrealistic to boot.42 The quest for realism, ironically, can expand and not reduce the gap between theory and practice, between democratic models and democratic realities.

In defending his account of developmental democracy, Macpherson suggested challenging questions that that this account raises:

For example, can the concept of power as ability to use and develop essentially human capacities be made precise enough to be of any use? Can we assume that all men’s essentially human capacities can be exercised not at the expense of each other? Can the ability to exercise these capacities be sufficiently measured to entitle us to make its maximization the criterion of a fully democratic society? 43

He goes on to note that if the difficulties these questions posed were the result of conceiving democracy as the maximization of human developmental powers, we should probably forget the whole idea. However, “the difficulties are inherent in any democratic theory: our formulation simply enables them to be seen more clearly and dealt with more openly.”

We need greater clarity and openness. Macpherson and Habermas show us why and indicate how. Macpherson reminds us that a critical theory of democracy needs to confront the impact capitalism has on the prospects for democratic solidarity, while at the same time he implicitly raises questions
of individual freedom and self-development that cannot be addressed solely by subjecting the capitalist economy to democratic social and political direction. Habermas reminds us of the importance of law, institutions and public life, and an appreciation of the complexities of intersubjectively rooted individual autonomy, while at the same time implying the ongoing need to address the pathologies of capitalist globalization. Thinking with and against each, together, provides an important way forward in the face of contemporary possibilities and challenges.

Notes
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7. However, it does fit well with a powerful neoliberal conception of democracy that David Held labels “legal democracy”: a minimal and constitutional state in which the power of
governments to intervene in the workings of the “free” market, particularly in the interests of social justice, is severely constrained. Held identifies Robert Nozick and, especially, Friedrich von Hayek as key contributors to this model. See David Held, *Models of Democracy*, 3rd ed. (Stanford, CA: Stanford University Press, 2006), pp. 201 ff.


11. Joseph Heath, *The Efficient Society: Why Canada is as Close to Utopia as It Gets* (Toronto: Penguin Books, 2001), p. 36. See also Joseph Heath, *Communicative Action and Rational Choice* (Cambridge, MA: MIT Press, 2001). Heath’s argument raises the old problem of who makes the rules to constrain those who make the rules. This problem is unavoidable if one operates from the assumptions of self-regarding self-interest and the primacy of strategic rationality. We will leave it to readers of this journal to ponder the implications of presenting Canada as the best political and social model on offer in the neoliberal era.


13. Nancy Fraser and Axel Honneth, *Redistribution or Recognition? A Political-Philosophical Exchange*, Joel Golb, James Ingram, and Christiane Wilke, (trans.), (London and New York: Verso, 2003), pp. 90–92. This issue is at the heart of the debate between Fraser and Honneth, with Honneth’s position more closely aligned with the positions of Macpherson and Habermas.


20. Ibid., emphasis in original.


Studies in Political Economy

30. Habermas, Between Facts and Norms, p. 32.
31. Habermas, Between Facts and Norms, Chapter 9.
32. Habermas, Between Facts and Norms, p. 442.
33. Scheuerman argues that, in Between Facts and Norms, Habermas seems simultaneously and inconsistently to offer both an account of “an ambitious radical democratic polity, based on far-reaching social equality, and outfitted with far-reaching capacities for overseeing bureaucratic and market mechanisms” and “a defensive model of deliberative democracy in which democratic institutions offer at best an attenuated check on market and administrative processes, and where deliberative publics most of the time tend to remain, as Habermas himself describes it, at rest ….” William Scheuerman, “Between Radicalism and Resignation: Democratic Theory in Habermas’s Between Facts and Norms,” in Von Schomberg and Baynes, Discourse and Democracy, pp. 63–64.
35. For an examination of this issue, see Martin Beck Matusik, Jurgen Habermas: A Philosophical-Political Profile (Lanham, MD: Rowman and Littlefield, 2001).
36. Macpherson, Democratic Theory, p. 11.
38. Macpherson, Democratic Theory, p. 66.
39. Macpherson does spell out what he considers distinctively human attributes; these include (but are not necessarily restricted to) “the capacity for rational understanding, for moral judgement and action, for aesthetic creation or contemplation, for the emotional activities of friendship and love, and, sometimes, for religious experience” (Macpherson, Democratic Theory, p. 4). It would be difficult to disagree with any of these.
41. He pointed in this direction most notably in Legitimation Crisis, Thomas McCarthy, (trans.), (Boston: Beacon Press, 1975), especially Part III. See also Habermas, Between Facts and Norms, pp. 48–55.
43. Macpherson, Democratic Theory, p. 39.