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DEMOCRACY BEFORE, IN, AND AFTER SCHUMPETER

ABSTRACT: *The classical model of democracy that Schumpeter criticizes is manufactured out of a variety of earlier ideas, not those of any one thinker or even one school of thought. His critique of the central ideals by which he defines the model —those of the common will and the common good—remains persuasive. People's preferences are too messy and too manipulable to allow us to think that mass democracy can promote those ideals, as he defines them. Should we endorse his purely electoral model of democracy, then, and accept that people do not exercise any control over government? Not necessarily. We can expand democracy to include the constitutional and contestatory constraints that people impose on their rulers. We may hope that people can rely on such democratic controls to ensure that government operates by community standards.*

Keywords: *Bodin; democracy; Hobbes; James Mill; popular sovereignty; Rousseau; Schumpeter.*

Joseph Schumpeter's 1942 book, *Capitalism Socialism and Democracy*, is probably best remembered for the two chapters on democracy. Chapter 21 is an influential critique of a vaguely defined, loosely located theory that he describes as the classical doctrine. And Chapter 22 introduces an

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alternative, minimalist theory that has become something of an orthodoxy in political science.

In the first section of this paper, I provide a sketch of how democracy was understood prior to Schumpeter, identifying the different strands of thought out of which he wove his image of the classical doctrine. In the second I sketch his critique of that doctrine, in particular his critique of the idea of popular will, and the alternative he championed. In the third, I argue that while his critique of the classical doctrine is fundamentally sound, it leaves intact a richer possibility than he envisages: the ideal of a democracy of common standards rather than a democracy of common will.

I. DEMOCRACY BEFORE SCHUMPETER

Ancient Democracy

The word *democracy* has two Greek roots: *demos*, meaning people, and *kratos*, meaning power. In its Greek usage it designated not a particular mode of government, but any of a family of regimes in which ~~the people, under~~ some construal of the people had ~~power, under~~ some construal of power. It is significant, as Josiah Ober (2007) has argued, that *kratos* is a much vaguer term than *arche*, which figures at the etymological origin of "monarchy" or "oligarchy," for example. While the rule of the one or the few, referenced in those terms, would have had a fairly restricted signification, the rule of the people did not. Like "aristocracy," in Greek usage the rule of the best, "democracy" would have gestured at a certain class of regimes rather than picking out any particular arrangement.

Thus, when the Athenians in the fifth and fourth centuries B.C.E. described their city as a *democratia* or democracy, they were not suggesting that it operated via the type of electoral arrangements with which we associate democracy today; elections played only a very small role there. Athens relied primarily on a lottery system for selecting those who would hold various offices or appear in different bodies: for example, the courts—popular assemblies of up to 500 members—or the council. True, the *ecclesia*, or assembly, which met about once a week, was open to all male citizens, and took votes on a variety of public issues. Those issues did not include issues of law, however, at least from the late fifth century on. The laws could only be changed on any occasion by an ad hoc committee of law-givers: the *nomothetai*. The membership of about

a thousand changed with each meeting, being selected as occasion required on a lottery basis.

Democracy in Early Modern Europe

The word *democracy* was reintroduced to popular usage in Europe in the early modern period. It was defined by figures who themselves defended an absolute form of monarchy, such as Jean Bodin in the sixteenth century and Thomas Hobbes in the seventeenth. Anxious to support a monarchy, they both argued that democracy, which is what they called the popular alternative to monarchical or indeed elite government, would require all citizens to gather in assembly, as on the Athenian model, and to make public decisions by majority voting—including, importantly, decisions on the laws.

As I read their intentions, the reason Bodin and Hobbes argued that a majoritarian, participatory regime was the only popular alternative to more centralized rule is that this made popular rule look infeasible. While they hailed democracy as at least a possibility, they derided as totally impossible a more familiar image of relatively popular rule: the mixed constitution, which was associated in republican thought with ancient Rome. Many radicals, such as Algernon Sidney (1990, II.19) in the seventeenth century, derided "pure democracy" of the kind defined by Bodin and Hobbes, cleaving by implication to the impure democracy of a mixed, republican order.

Despite his attachment to the republican ideal of equal freedom for all citizens—and the associated ideal of the common good—Rousseau (1997) rejected the republican ideal of a mixed constitution, arguing instead for a participatory, majoritarian assembly. However, he denied that this was a democracy in the by-then orthodox sense, for he wanted his assembly to make public decisions only on issues of general law. In that respect, it would be a mirror image of the Athenian *ecclesia*. More particular decisions should be left in the hands of appointed officials, he maintained, thereby preserving something like the rule of law and the separation of powers embodied in the mixed constitution.

Although not committed to democracy, however, Rousseau put one theme in play that became a central motif in later writing on democracy. This is the idea that operating under a system of majority voting, the people form a general will, answering to the common good or interest. Rousseau argued in *The Social Contract* that ~~that~~ a general will can

materialize amongst the members of his assembly, identifying the common interest, just insofar as three broad conditions are met. Members must stick to the formation of general law, avoiding contentious issues in its interpretation and application; they must be advised by a knowledgeable figure who can guard them against ignorance or error; and they must try to decide impartially on what is in the interest of the state. Absent those conditions, there is no guarantee that "the characteristics of the general will are still in the majority" (1997, IV.2.9).

The word *democracy* comes into widespread usage only in the late eighteenth century, at the time of the American and French revolutions; even a cursory glance at Google's Ngram—a graph recording word usage in books—dramatically underlines this shift. The word is almost entirely used with approval in this new phase, but two things are notable about the ideal that it is invoked to describe.

First, the democracy that is hailed is not participatory, but representative in character, making for a big break with earlier thinking. Thus, writing his own defense of democracy in *An Essay on Government*, James Mill (1978, s79) describes the system of representation in 1829 as "the grand discovery of modern times."

Second, the democracy that is now celebrated is generally an impure form of democracy that retains central features of the mixed, republican constitution. Exemplified most clearly in the United States, this system is committed to a constitutional rule of law, makes different branches of government relatively separate, and shares power out amongst rival authorities in any single branch: different chambers in the legislative branch, for example, and different courts in the judicial. Finally, while the system is subject to popular amendment, it cannot be amended by a straight majoritarian vote.

Democracy, as it emerges in the nineteenth century, is marked from the beginning by the appearance of parties. But as time goes on, these assume a very different form in presidential systems like the United States and parliamentary systems like the United Kingdom and dominions like Canada and Australia.

In the parliamentary system, there is a degree of separation and indeed sharing of power: in particular, a separation between the judiciary, on the one side, the legislature and executive on the other. But the legislature, once elected, chooses the head of the executive—the Prime Minister—and indirectly the cabinet. And that means that those who support the administration in the legislature—in a non-proportional system, a single

party or tight coalition—have to close ranks during the term of the parliament, on pain of losing government. Thus, the members of each party have to vote as one in the legislature, regardless of different constituency or lobby-group pressures. Each party is able and expected to put forward a more or less credible program of policies at election time. And if elected, a party is expected to honor its electoral promises and long-term commitments. In short, parties behave as corporate bodies, developing long-term aims and establishing procedures for making decisions about those aims and about the best means of realizing them.

In the presidential system that emerged in the United States, things materialize on a very different pattern. The separation between the executive or administration on the one side, and the legislature on the other, means that the parties that form can never be more than loose confederations of individual representatives, not corporate agents. With no pressure to close ranks in order to maintain the administration in power, members of the legislature are exposed to constituency and lobby-group pressures that dilute whatever loyalty they might have towards the party. Under plausible motivational assumptions, they will be loyal to their party just to the extent that this is important to their identity in the minds of electors, important for gaining party funding for their campaigns, or important for getting party endorsement for re-election.[1] The inevitable result in such a system is that no party can constitute a group agent capable of going into elections with a credible program; policies get to be determined only post-election in negotiation behind closed doors.

Notwithstanding the difference between these systems, however, a shared theme in paeans to democracy in the nineteenth century is that it ensures the public good, as it is sometimes called (Madison, Hamilton and Jay 1987), or the common interest (Mill 1978), as it is also known. And it is routinely hailed, in Rousseau's phrase, as a system that gives expression to the will of the people.

II. SCHUMPETER'S TREATMENT OF DEMOCRACY

Schumpeter's discussion of democracy begins with what he describes, without further elucidation, as the classical doctrine. In his account of how the plenary assembly is to work, Rousseau had foregrounded the general will, and the common interest that it reflects when it operates properly. What Schumpeter takes to be the classical doctrine of democracy is built around those two ideas.

The presupposition of the doctrine is that there is "a Common Will of people ... that is exactly coterminous with the common good or interest or welfare or happiness" (Schumpeter 1950, 250; subsequent parenthetical quotations from the third edition). The doctrine itself is that this common will/common good can be discerned by means of "the democratic method" as it is presented to us in "the eighteenth-century philosophy of democracy." The method consists in an "institutional arrangement for arriving at political decisions which realizes the common good by making the people itself decide issues through the election of individuals who are to assemble in order to carry out its will" (250). The "most important decisions" may be put to referendum, but otherwise they will be taken by representatives who "voice, reflect or represent the will of the electorate" (251).

Schumpeter appears to have a parliamentary system primarily in mind, perhaps reflecting his experience in Europe rather than in the United States. Thus, he speaks of the elected lawmakers as a large committee that resolves itself into smaller ones for the administration of public affairs, failing to mark the divide between legislature and executive; he describes the administration as operating under "a cabinet or government": "a general-purpose committee" headed by "a so-called prime minister" (252); he has an image of parties as effective corporate agents (281–83); and he relies mainly on examples from the United Kingdom (273–80).

Schumpeter attacks the classical doctrine on two grounds: first, that "there is no such thing as a uniquely determined common good" that might give substance to the idea of a popular will (251); and second, that there is no alternative, purely procedural manner in which a popular will might form (253). The first critique may be described as substance-based, the second as procedure-based.

The Substance-Based Critique

The substance-based critique is premised on the admission that there may be something approximating the common good "in a world of peasants" where "there are no great decisions to be made," unlike "big and differentiated" societies (268). To "different individuals and groups" in ~~those~~ advanced societies, however, "the common good is bound to mean different things" (251). There may be the possibility of "compromise" in some cases, but there won't be in most (251). And if there is a possibility

of a "fair compromise," it may be elusive under democratic arrangements, where different groups are unlikely to "yield their points of view of their own accord" (255–56).

Might we not be able to find a higher-order good that abstracts from the particular ends of rival groups, as in "the utilitarian's maximum of economic satisfaction"—the maximization of overall happiness (252)? Schumpeter thinks not. Perhaps reflecting the rise of ordinalism in contemporary economics—the view that there is no way of comparing and aggregating the satisfaction levels of different individuals—he says that "the very meaning of 'greatest happiness' is open to serious doubt." But even if people could agree on what the "greatest happiness" means, they would still display "fundamental dissension" about the sub-goals involved. It would be as if they agreed on the importance of public "health" but still found themselves deadlocked on the merits of "vaccination and vasectomy" (252). By Schumpeter's criterion, any substantive notion of the common good has to pass a high bar: it has to imply "definite answers to all questions so that every social fact and every measure taken or to be taken can be unequivocally" assessed (250).

The Procedure-Based Critique

Schumpeter's procedure-based critique of the classical doctrine addresses the idea that "a common will or public opinion of some sort may still be said to emerge from the infinitely complex jumble ... of the 'democratic process'" (253). We now know that neither the majoritarian aggregation of people's individually rational preferences over policies, nor any aggregation that satisfies intuitive constraints, will be guaranteed to determine a rational social preference ordering of those policies (Arrow 1963).[2] Schumpeter died in 1950, before this result appeared, but he almost anticipates it when he says that it would not follow from the existence of a suitable procedure, with suitable inputs, that the output "would represent anything that could in any convincing sense be called the will of the people" (254).

His procedure-based critique turns more centrally, however, on two concrete complaints about people's preferences in public matters, as distinct from their private preferences. Now anticipating behavioral economics rather than social choice theory, he complains that those preferences are both too messy and too manipulable for the democratic procedure to be said to identify a common will. In both respects, they

fail to "live up to the idea that the economic textbook used to convey" about preferences (257). This is true at any rate, "away from the private concerns of the family and the business office" (261), when people consider large issues of public policy.

Schumpeter expands at length on these complaints but summarizes succinctly the two deviations from the economic model—or from any half-way flattering "picture of man's nature" (257)—that he has in mind. On the one hand, people's "wants are nothing like as definite and their actions upon those wants nothing like as rational and prompt" in the public sphere as they are in the private. On the other hand, people in the public sphere "are so amenable to the influence of advertising and other methods of persuasion that producers often seem to dictate to them instead of being directed by them" (257).

Schumpeter's Alternative

On the classical doctrine of democracy, so understood, the aim is the imposition of the people's will, the means the electoral selection of representatives. Schumpeter's alternative proposal is that "we reverse the roles of these two elements" and define democracy by what the classical theory takes as its means. And so we get his famous definition: "the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote" (269).

On this view, "acceptance of leadership is the true function of the electorate's vote" (273), not the formation or expression of a purportedly common will. The electorate installs or evicts leaders at election time, thereby controlling who is in government, but in other respects "electorates normally do not control their political leaders" (272). On the contrary, leaders manufacture the will of those they govern. And that may not always be a bad thing, since in some cases the "latent" volitions of people "are called to life by some political leader" (270). Schumpeter offers as an example of a latent volition "the will of the unemployed to receive unemployment benefit or the will of other groups to help" (270). A leader can organize "these volitions, by working them up and by including eventually appropriate items in his competitive offering": that is, in the program taken to the polls (270).

Schumpeter is fairly cynical about the motives of political leaders and parties even if, as in the unemployment example, he is sometimes positive

about their effects. The members of a party seek office for its own sake "in the competitive struggle for power," and it is as essential to recognize this in a theory of politics, he says, as it is to start the "theory of economic activity" from "a proposition about profits": a proposition, presumably, to the effect that market agents are primarily concerned with making profits (282–83). Every party may adopt "a stock of principles or planks," of course, but it will do so only as a means of winning power; it will choose them out of the same instrumental motivation that a department store displays when it chooses the brands it stocks as a means of securing profit (283).

This is not to say, however, that the principles adopted as a means are incidental to the identity of the party or unimportant in its winning power. They "may be as characteristic of the party that adopts them and as important for its success as the brands of goods a department store sells are characteristic of it and important for its success" (283). Those principles presumably guide the work of a governing party in fulfilling its social function, which is "to turn out legislation and ... administrative measures". But the primary goal of the party is to "struggle for power and office" and that "social function is fulfilled, as it were, incidentally—in the same sense as production is incidental to the making of profits" (282).

Schumpeter favors his definition of democracy on a number of grounds (269–73). The definition makes it easy to "verify" the claim that a government is or is not democratic; it is realistic in recognizing "the vital fact of leadership" and the role it may play in manufacturing popular will; it allows us to see that electoral systems, like market arrangements, may be more or less ideal or distorted; it gives us an instrumental reason for favoring independently attractive liberties like "freedom of discussion" and "freedom of the press"; and, of course, it avoids the nonsense that he sees in the classical doctrine.

III. DEMOCRACY AFTER SCHUMPETER

Schumpeter's definition of democracy has had enormous influence within political science. This may be because it makes democracy into an empirically useful category that allows of ready application and measurement (Przeworksi 1999). It may also be because it has allowed a beguiling taxonomy of political institutions in which populist influence is contrasted

with liberal constraint, and liberalism is cast as a brake on populism (Riker 1982).

But the minimalist, purely electoral conception of democracy not only makes it easy to distinguish democracies from non-democracies; it also makes it counterintuitively easy for a regime to count as democratic. Thus, it is significant that the highly respected *Economist* Intelligence Unit's Index of Democracy invokes a much richer range of criteria—over 50 in all—in grading democracies. And it is striking that countries such as Russia and Turkey and Hungary, whose democratic credentials are suspect by almost all politically engaged accounts, would count as close to full democracies on the orthodoxy that Schumpeter sponsored.

That orthodoxy is not inescapable, however, even in the wake of Schumpeter's work. For all that he establishes, it remains possible to recognize forms of democratic influence beyond the electoral influence he prioritizes. And it remains possible to think of democracy as a system of popular control, if not a system that identifies a popular will.

Wider Democratic Influence

If we build on the association between democracy and popular *kratos* and power, there is no reason why we should not take all channels of popular influence over government—at least all overt channels that are open equally to all—as potentially important democratic checks. That is, there is no reason to limit properly democratic influence to that exerted at the polls. And included amongst those checks on government we must surely count two sorts of influence that Schumpeter sidelines, one constitutional, the other contestatory.

The first form of influence, which goes unremarked by Schumpeter, is that which is mediated in a popular constitution—a constitution attracting people's current acquiescence, if not always their past assent—by means of the checks and constraints that it places on those in power. The second is the constitutionally permitted influence that people can have in contesting what government proposes or decides, whether the contestation occurs in the courts, the media, or the streets, and whether it is conducted personally or in organized movements. Schumpeter admits that "spontaneous revulsions" can occur that "enforce a certain course of action" on government. But he maintains, without citing any evidence, that these are exceptional, and stipulates without argument that they are "contrary to the spirit of the democratic method" (272).

Constitutional and contestatory checks—including electoral contestatory checks—were prominently highlighted in the mixed constitution favored in the older republican tradition, and were mocked by the likes of Bodin and Hobbes. The republican tradition, as I see it, prompts us to recognize not just that democratic influence outruns the channels acknowledged by Schumpeter, but that it can constitute a form of democratic control (Pettit 2012; 2014).

Deeper Democratic Control

The reason that Rousseau's image of a general will may have appealed in early democratic circles is that if there is a common will at work in the people's constitutional and contestatory influence, individual as well as electoral, then the people control government. The presence of a single will would mean that the influence is not wayward or scattershot—not like the influence of weather or fashion—but directed to an overall end that is endorsed by those who exercise it. But while we may follow Schumpeter in rejecting the idea of a popular will (like him I think this is indeed an illusion), we need not despair of the prospect that, suitably organized, the different forms of democratic influence may still serve a popular controlling purpose.

Under familiar democratic arrangements, those in public life, ordinary citizens as well as officials, are ~~forced~~ to defend their proposals in terms that everyone can see as relevant; otherwise they will only speak to the faithful. ~~And~~, plausibly, this will lead to the emergence of a variety of accepted standards. These may range from standards explicit in a constitution or in landmark legislation, to standards that gain the status of mantras—no one should be judge in their own case; education is a right, not a privilege; separate is not equal—to unspoken but ~~still~~ unquestioned standards, such as that the country should help any area beset by a natural catastrophe, or that no one should be allowed to die for want of basic medical attention. Normally, these standards will evolve in the democratic life of a country, as different groups struggle for recognition and influence. But no matter how they change over time, they will serve at any point to fix a core of shared expectations to which people hold government, and to which government knows it is held. They will rule out an endless range of policies that offend against them, putting those policies off the government's menu of options. And they

will rule out offensive processes or procedures whereby government might seek to pick from among the policies that remain on the menu.

Imposed by the influence of the people, albeit as a byproduct of the political hurly burly, standards of these kinds can discipline government in a way that must be generally welcome. And in virtue of securing such a welcome discipline, the influence of the people over government need not be wayward or scattershot; it can represent a form of control, reconnecting democracy with its Greek etymology.

It is entirely consistent with Schumpeter's picture of political life that such standards should emerge and play a role in shaping the active proposals for change that different parties adopt, as well as shaping their passive acquiescence in the arrangements they do not question. Thus, it is not surprising, in his words, that different parties often "adopt exactly or almost exactly the same programs" (283). No doubt they do this, as he would insist, out of a desire to win or hold power. But that is quite consistent with holding that still, they do it under the controlling influence of the people: out of a realization that they will jeopardize their chance of winning power unless they conform to the discipline of common standards.

These remarks suggest that we should give up on the democracy of common will that Schumpeter criticizes, but that we need not espouse his minimalist, wholly electoral image of democracy. For all that his arguments show, there is room still for a democracy of common standards; and room, therefore, for a different sort of popular control from that which was hailed in the classical doctrine that he rejected.[3]

NOTES

1. Of course, the last two reasons for loyalty have tended to diminish in importance, due to changes in selection procedures and in campaign finance practices.
2. Indeed, we also know that the aggregation of people's individually consistent sets of judgments about any matters of fact or policy, assuming the aggregation meets corresponding constraints, cannot be guaranteed to yield a consistent set of judgments by which the group might stand. See List and Pettit 2002 and List and Polak 2010.
3. For further elaboration of this idea, see Pettit 2012, 2014, and 2018.

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