

In Search of Dynamic Republicanism for the 21st Century

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J. G. A. Pocock published his monumental study on “the Machiavellian Moment and Atlantic Republican Tradition” in 1975.¹ The field of history of political thought in the English-speaking world has been profoundly transformed ever since. In the vivid words of Joyce Appleby, “the recent discovery of republicanism as the reigning social theory of eighteenth-century America has produced a reaction among historians akin to the response of chemists to a new element.”² However, most of the debates triggered by Pocock’s seminal work focused either on the relative importance of liberalism and republicanism³ or on the difference between humanist and jurist modes of discourse in early modern times.⁴ These debates, though very important in their own right, neglected the potential of republicanism as an institutional alternative to both “capitalism” and “socialism.” I propose to explore in this brief paper the potential of republican thought for our institutional innovations in the 21st century.

Why have I chosen this topic?

The justification for my choice is twofold. The first is textual, the second political. The textual justification is that Pocock himself has hinted that republicanism can be viewed in contrast to “capitalism” and “socialism,” though not exactly in these terms; the political justification is my engagement with the current ideological debates in China, which lends a sense of urgency to the search for institutional alternatives to both “socialism” and “capitalism” as these terms are traditionally defined and used in today’s global ideological discourse. After the tragedy of September 11, this search becomes ever more critical, since the distorted elements of truth in Islamic fundamentalism reflect the frustrations felt by people with regard to conventional “capitalism” and “socialism,” as vividly illustrated in the letter sent by Khomeini to Gorbachev in January 1989.⁵

Pocock’s interest in republicanism as an alternative to “capitalism” can be gleaned in his characterization of the role of property in the republican vision: “The citizen possessed property in order to be autonomous and autonomy was necessary for him to develop virtue or goodness as an actor within the political, social and natural realm or order. He did not possess it in order to engage in trade, exchange or profit.”⁶ Clearly, this republican vision of property is quite different from the conventional definition of “capitalist” property, which emphasizes unrestricted transfer and accumulation as the crucial feature of property ownership. Pocock even states that “Bourgeois ideology,” as a matter of historical fact, “may never have fully won” its struggle for existence.⁷

Pocock’s interest in republicanism as an alternative to “socialism” can be seen in the last chapter of *The Machiavellian Moment*, where he argues that “The quarrel between civic virtue and secular time has been one of the main sources of the Western awareness of human historicity.”⁸ “Socialism,” in Pocock’s view, represents a static moral polemic against the historical change along the “capitalist” road. To be sure, Pocock acknowledged that republicanism shared this static vision with socialism. However, from his argument that “republican theory” is an “early form of historicism,” I assume that what Pocock really wants is to develop a dynamic version of republicanism for modern and postmodern times.

On the political motivation behind my choice of topic, I would like to emphasize that the dichotomy of capitalism versus socialism is more confusing than illuminating in understanding the current sea change in China. Can we say that today's China is moving toward "capitalism," as seems to be the consensus of the Western Left and Right? The answer depends on what we mean by "capitalism." Deng Xiaoping once said, "we do not know what socialism is." In fact, we might add, "we also do not know what capitalism is." In his monumental work on the history of modern civilization from the 15th to 18th century, Fernand Braudel confessed that he might have written the entire book without using the word "capitalism."⁹ Indeed, the word "capitalism" seems too broad to be useful for analyzing today's China.¹⁰ Should we say the corporate shareholding system is inherently "capitalist"? If so, how do we make sense of the historical fact that J. S. Mill argues for the General Act of Incorporation with limited liability for shareholders in front of the British Parliament in 1850 on the basis of its supposed capacity to promote workers' cooperatives?"¹¹

After all, American "legal realism" in insisting that "ownership" is not a single right, but a "bundle of rights"¹² which can be rearranged to regulate changing social relations.¹³ The vocabulary of "bundle of rights" makes it possible to break away from the Stalinist conception of socialist ownership as having only two possible types, namely, "state ownership" and "collective ownership." The Chinese Communist Party's 15th Congress did exactly that by allowing cross-stockholding between state shares, legal-person shares, and individual shares. It opens up the possibility of enlarging and democratizing the stakeholders of the bundle of property rights in corporations. Of course, it also leaves room for corruption and misappropriation of public assets. In a sense, we are witnessing today a Chinese "Augustan" age.¹⁴ It is here that both hope and danger for China lies.

I am still in the early stages of working out the institutional innovations required by a dynamic republicanism. But to give a hint of the kinds of institutions I am thinking of, let me take the example of the republican vision of property as the basis of autonomy and security. Obviously, in today's world, both in China and the West, it is impossible to revive the Harrington type of landownership as the basis for individual autonomy. This vision of landownership was a static version of republicanism to begin with. However, we could introduce a modern and dynamic version of Harringtonian property: the "social dividend."

The idea of the "social dividend" is first proposed by James Meade, a British economist who won the Nobel Prize in 1977. In Meade's program, every citizen is paid a tax-free social dividend according to the citizen's age and family status but without any other conditions.¹⁵ Two basic reasons for instituting the social dividend are: (1) the promotion of equality by providing everyone with the same basic unconditional income; (2) the reduction of risks by providing some part of income that is unaffected by variations required by flexibility in the labor market. The intuitive core of the idea of a social dividend lies in the attempt to replace the demand for job tenure by an enhancement of the resources and capabilities of the individual worker-citizen.

One of the advantages of a social dividend over the conventional social-democratic policy of a "conditional benefit" is that the former improves the incentives of the recipient for accepting low-earning jobs. This may look counterintuitive at first sight, because an "unconditional social dividend" seems not to reduce the incentive to accept low-wage jobs (in comparison with conditional benefits based on unemployment). However, Meade nicely demonstrates that intuition to be wrong with the following simple example: "a recipient of a Social Dividend of 80 supplemented by a Conditional Benefit of 20 will have an incentive to take outside earnings so long as those earnings after deduction of Income Tax are greater than 20; but if he or she had relied for the whole 100 on a Conditional Benefit, there would be no incentive to accept any outside earnings less than 100."¹⁶

How could the regime of social dividend be financed? In the context of today's Western world, Meade envisions five stages of reform to the tax system, the final stage being socialization of 50 percent of national assets as a source of revenue for financing the social dividend. However, he argues that "the government plays no direct part in the management of the partnership enterprises or other private concerns the capital of which it owns indirectly. There is a free and very vigorous competitive capital market and Stock Exchange on which private individuals and institutions freely deal in respect to the 50 percent of the real assets of the community which they own. The government invests its ownership of the other 50 percent of the community's real assets in competitive unit trusts and similar competitive investment institutions which merge the government's fund with the private funds in the search of a high yield on the funds so employed."¹⁷

Obviously, this mechanism of financing a social dividend almost amounts to a revolution in the West, because as Meade himself emphasizes, "at present in the typical capitalist economy the State far from being a new owner of capital assets in fact is often on balance a debtor to the private sector of the community."¹⁸ In light of this fact, I will not discuss the feasibility of instituting a social dividend in the West.¹⁹ But I cannot help pointing out to the people of postcommunist countries, especially China: Hey, here is your comparative advantage in institutional innovation!

The trick of history is this: given the failure of privatization to generate broad public support, the pace of its implementation remains slow in China. As a result, many firms' assets are still partly in state hands. At this juncture, if the Chinese people decided to pursue James Meade's program of the social dividend, the chance of its success would be greater than in the West. Would the Chinese people do it? The real constraint is not material. It is spiritual in nature: Will the people and the leaders of China and other postcommunist countries have the courage and the vision to establish new institutions so far unseen in the world? It is here that a fertile field for the development of a dynamic republicanism for the 21st century may be found.²⁰

So far, I only use the example of a "social dividend" to illustrate how we might transform the republican vision of property as the basis of autonomy and security into a workable institution under contemporary conditions. The limit of time does not allow me to discuss many more issues of dynamic republicanism, such as the relations between republicanism and empire/globalization, and between republicanism and "mixed constitution."²¹ I only hope I have aroused your interest in searching for alternatives to the conventional versions of "capitalism" and "socialism" and, in this search, you might consider republicanism as a tentative starting point.

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References

- 1 J. G. A. Pocock, *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition* (Princeton, N.J.: Princeton University Press, 1975).
- 2 Joyce Oldham Appleby, *Liberalism and Republicanism in the Historical Imagination* (Cambridge, Mass.: Harvard University Press, 1992), p. 277.

- 3** Isaac Kramnick's *Republicanism and Bourgeois Radicalism* (Ithaca, N.Y.: Cornell University Press, 1990) is a representative critique of Pocock's "republican" thesis. Pocock's review of Kramnick's book is his most thoughtful response to the critics; see Pocock's review in *Eighteenth-Century Studies* 25, no. 2 (Winter 1991-1992), pp. 219-227.
- 4** Richard Tuck devotes the first chapter of his new book on international law to a critique of Pocock's view of the relationship between humanist and jurist modes of thought; see his *The Rights of War and Peace: Political Thought and the International Order from Grotius to Kant* (New York: Oxford University Press, 1999), p. 12.
- 5** Khomeini states the following in his letter: "of course, it is possible that due to incorrect methods and wrong actions of the former communist strongmen regarding economics, the grass might seem greener in the Western world. However, the truth lies elsewhere. If at this juncture you wish only to undo the blind economic knots of socialism and communism by taking refuge in the bosom of Western capitalism, not only will you not have cured any of the ills of your society; on the contrary ..." (cited in Bobby Sayyid, *A Fundamental Fear: Eurocentrism and the Emergence of Islamism* [London: Zed Books, 1998], p. 131.)
- 6** J. G. A. Pocock, *Virtue, Commerce and History* (Cambridge: Cambridge University Press, 1985), p. 103.
- 7** Pocock, *The Machiavellian Moment*, p. 461.
- 8** *Ibid*, p. 551.
- 9** Fernand Braudel, *Civilization matérielle, économie et capitalisme, XVe—XVIIIe siècle*, The Chinese translation (Beijing: Sanlian Bookstore, 1993), vol. 2, p. 234.
- 10** Indeed, as increasingly being realized by scholars, "capitalism" is not a useful analytical concept for studying Western history either. For instance, Ellen Meiksins Wood argues that "the eighteenth-century French bourgeoisie was not a capitalist class" (in her "Capitalism or Enlightenment?," *History of Political Thought* 21, no. 3 [2000], p. 413).
- 11** Mill reasoned as follows: when owners' liability is unlimited, only rich people can afford to do business; the regime of limited liability would encourage workers to form their own cooperatives to compete in the market on a safer footing.
- 12** By separating ownership into its constituent parts, i.e., a "bundle of rights" such as income right, use right, control right, and transfer right, legal realism demonstrates that ownership does not imply any pre-political, absolute or fixed set of rights. See Morton Horwitz, *The Transformation of American Law, 1870-1960* (New York: Oxford University Press, 1992), pp. 145-169.
- 13** The former president of Austria, Karl Renner, has written the best synthesis of Marxism and legal realism. See his *Institutions of Private Law and Their Social Functions* (London: Routledge & Kegan Paul, 1949).
- 14** See chapter 13 of Pocock's *The Machiavellian Moment* on the Augustan debates over land, trade, and public debt. The similarity with contemporary China cannot be missed.

15 J. E. Meade, *Liberty, Equality and Efficiency* (New York: New York University Press, 1993).

16 *Ibid.*, p. 152.

17 *Ibid.*, p. 157.

18 *Ibid.*

19 It is interesting to note that, according to official estimates, the US government's public debt will be fully redeemed by 2012. If the fiscal surplus continues after public debt retirement, the US government would have no choice but to start acquiring stock claims on the private sector. In other words, something similar to the Chinese "state shares" would appear in the US stock markets. To prevent this from happening is the main reason why Alan Greenspan supports Bush's tax cut plan. See Ronald McKinnon, "The International Dollar Standard and the Sustainability of the U.S. Current Account Deficit," *Brookings Papers on Economic Activity*, no. 1 (2001), p. 238.

20 It is encouraging in this context to read Pocock's argument against New Zealand's privatization methods. See his "Deconstructing Europe," in *The Question of Europe*, ed. Peter Gowan and Perry Anderson (London: Verso, 1997).

21 See Sheldon Wolin, *Tocqueville Between Two Worlds* (Princeton, N.J.: Princeton University Press, 2001) for a sophisticated analysis of the relationship between republicanism and democracy in modern Western history.