

What is Lindblom's argument that the market partially undermines the prospects for full democracy?

The Purpose of this paper is to examine and critically assess Lindblom's argument that the market partially undermines the prospects for full democracy. This will be accomplished by dissecting and analyzing the elements of his argument. First, I will explain Lindblom's general claim that the market is responsible for partially undermining the prospects for 'full' democracy. Second, I will examine the mechanisms by which the market "punishes" policymakers and how this creates a "prison" for social change. Third, I will clarify the reasons why this automatic punishment mechanism described by Lindblom creates a "prison." Fourth, I will explain what an inducement system is and how it is relevant to the realization of democracy and to democratic policy-making. Fifth, I will examine and critically assess Lindblom's arguments for how the market promulgates 'imprisoned thought.'

Lindblom's general thesis affirms that the market is the most effective set of automatic punishments which work to resist social change. For example, when effective regulative legislation or banking reforms are proposed the business community is in automatic opposition, enforcing crippling punishments unless induced otherwise. In this way the market acts as a prison for social change; any change or reform business people oppose leads to unemployment or economic decline. Lindblom defines 'full democracy' as one in which policy-making is free from the prison of market society and which overcomes some ambiguous complications that might arise with the elimination of the markets. According to his thesis no market society can ever achieve full democracy (Lindblom 281).

The Mechanism

Lindblom describes the possibility of a change-repressing system which operates on a mechanism of “automatic punishment,” in the sense that the punishment follows from the very act intended to change the system. Such a mechanism is unique because it doesn’t require deliberation or reservation to utilize, it is simply an automatic response to disincentives (Lindblom 275-6). He recognizes that this mechanism is already employed across certain aspects of political/economic life such as those institutions and policies that protect the decision-making authority of businessmen in their own prospects, maintain the status quo, and manage the labor movement. This cluster of institutions and organizations is known as the market or the business community. When the market is dissatisfied with some policy or reform the mechanism is triggered, delivering automatic punishments in the form of unemployment or a lethargic economy (Lindblom 276-9).

The mechanism Lindblom describes affects two areas of influence; economics and thus policy-making and intellectual change. The first area of influence is more palpable since it affects our policy-makers and thus takes place largely within the public’s eye. For example, when representatives propose corporations accept a larger tax burden a prospect which triggers punishment from CEO’s who wish to avoid decreased profitability. Businessmen may argue publicly or convince senators that such a proposition would discourage business and force lay-offs (Lindblom 278-81).

The mechanism affects intellectual change when, for example, research into the possibility of fundamental change in business, such as worker participation in management triggers punishment from the academic community. This punishment

occurs in the form of repressing thinking about politics and economics making certain positions impossible to advance in the academic world (Lindblom 276-83).

What Lindblom means by “prison”

Lindblom describes two distinct senses of “prison” which correspond to the two areas of influence affected by the punishment mechanism. The first is understood as a prison for policy makers and popular opinion. In this sense of “prison,” Lindblom is referring to the result of pressure on government officials to avoid policies which might be disincentives to business, which seems to create barriers around certain social changes. But also in the sense that appeasement of market interests has become a government directive, trapping policy-makers in the market’s interests (Lindblom 278-9).

In the second sense, thought is imprisoned for professionals and academics who wish to advance alternatives to market theory. By this he means the market creates an intellectual prison because it traps academics, scholars, and analysts into treating the market as a fixed element rather than a variable. Lindblom supports this argument with the example of reviewers of his work on the incompatibility of collective bargaining and the market system, who assumed he was making an argument against collective bargaining. His diagnoses correctly predicted contemporary levels of inflation and unemployment, and the subsequent subsiding of labor union power, but the implication was not to fault collective bargaining only. The problem was that academics treated the market as the fixed element of society, unable to conceive that the market can be equally at fault in such situations where two institutions come into conflict (Lindblom 282). A fully operational democratic process is meant to be responsive to the interests

of all citizens but instead the market *imprisons* our interests, forcing thinkers and policy-makers to respond to business interests over all else (Lindblom 279).

How this is relevant to democracy

Lindblom identifies two systems of control—inducement systems, and command systems, as the chief difference between government officials and business entrepreneurs. A command system follows a familiar structure, whereby government officials can be told to carry out their duties. Businessmen do not have to conform to any such set of duties, they have complete autonomy in their decision-making process, and thus must be induced to carry out their duties to society. The resulting inducement system is at the core of the automatic punishment mechanism. For example, when effective regulative legislation or banking reforms are proposed the business community will enforce crippling punishments unless induced otherwise. This is because business people respond to a system of incentives, so regulatory institutions, which are built on a command system offer only disincentives or dis-inducements (Lindblom 277, 80).

“When a decline in prosperity and unemployment is brought about by the decisions of corporate and other business executives, it is not they but government officials who are retired from their positions”(Lindblom 278).

The market can be characterized as imprisoning popular control, since there is a sense in which legislators are imprisoned by a commitment to support market interests. If they were to escape from this imprisonment they would suffer punishments that would be career ending. This is because representatives are subject to competitive elections, which require prospective candidates to raise a great deal of money in order for their

campaigns to be viable. Wealthy individuals are the campaign 'gatekeepers' because they decide which candidates to fund and market reform is one sure way to lose funding. Generally, competitive elections allow aspects of the market-run inducement system to spill over into the government's command structure (Lindblom 278, Christiano 244-50).

Lindblom's conclusion is that no market society can achieve a fully developed democracy because the market imprisons the policy-making process. For minimal democracy, we require a market system. For full realization of democracy we require the elimination of markets as they exist now (Lindblom 281).

A full democracy is supposed to enable citizens to participate equally in the making of all collective decisions. Labor unions and social organizations can collectively bargain or slow their work in protest of some frustration, but the punishment mechanism described by Lindblom suggests that business has much more flexibility (and less reservation) about using their political clout. Such a mechanism enables the dissatisfaction of some to result in much greater influence in collective decisions; thus undermining the potential for democracy to be fully responsive to all of society's interests' (Dahl 170-5, Lindblom 278)

Amendments and extensions to the concept of the market as an "intellectual prison"

Lindblom critiques the actions of the Reagan Administration commenting on how they are making the automatic recoil mechanism even more obstructive to social change than it needs to be. This evaluation of market influences is increasingly precise since the 2008 financial sector bailouts; characterized by misguided policy and lassitude

from regulators who were supposed to think constructively about the options available.

The bank bailouts are only one of many examples of policy being caught in a market prison in modern democracy. However, the case for imprisoned thought is much more complex and requires some amendment in order to be fully explained. I offer a secondary mechanism which works along with the first to imprison thought and show how debilitating imprisoned thought is today (Lindblom 280-1).

I argue for the existence of an automatic reward mechanism which works in tandem with the automatic punishment mechanism training both intellectuals and the general public to respond to market incentives. The mechanism works by giving people what they want if they choose the market approach. For example, the environmental protection movement has become increasingly commercialized, selling bottles with less plastic, electronics that save energy, cars with more fuel efficiency. When people can buy these “green” products they are rewarded with an environmentally “friendly” option. This reward mechanism is key to imprisoning thought because it seems to offer a market solution to the problems the market has punished into non-existence.

Lindblom would likely explain that this mechanism is really a continuation of the inducement system underlying the market, a system which has expanded so significantly that now market inducements have become the primary driving force behind human decisions. Every autonomous consumer is meant to feel like they are the businessmen of their own household, and like CEO's they would rather only respond to inducements. The most significant impact of such an inducement mechanism is that it prevents serious exploration into alternative lifestyles. The social rewards of becoming rich are many, while the social stigma of poverty keeps individuals focused on market

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incentivized rewards. This mechanism imprisons thought because it prevents social success from being attained through means other than the market.

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