

# Gastbeitrag: Economic Democracy as a Catalyst for Progressive Public Policy Outcomes?

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## 1 | Introduction

The research centres around the basic proposition that societies with strong economic democracy are more likely to achieve crucial public policy goals; such as combatting climate change, reducing inequalities and creating more sustainable forms of economic activity. A key output from the research will be the construction of a global index of economic democracy (EDI) as a tool to test our basic proposition.

A key argument advanced here is that dominant economic policy regimes in many OECD countries – where decision making is increasingly centralised among financial and economic elites and “experts” - have had negative effects in terms of greater income and wealth equalities, increasing susceptibility to financial crises and fragility, and arguably a failure to effectively address the causes of climate change. In contrast, the research proposed here will be pioneering in developing an inter-disciplinary conceptual framework, drawing upon scholars as diverse as Ostrom, Sandel, Olin Wright and Dewey who argue for the importance of collective action and public discourse in

economic decision making for dealing with critical policy issues and protecting the common good over vested interests.

The research is novel in developing a broad and extensive set of sub-indicators to measure economic democracy. It does this four dimensions:

1. workplace (nature and structure of employment relations, levels of co-determination, etc);
2. degree of associational economic governance (e.g. level of cooperatives within economy, number and extent of business and labour associations in economic policy forums);
3. distribution of decision-making powers across space and sector between different economic and political governance institutions; (iv) engagement of broader population in macro-economic decision-making (e.g. nature of economic policy formulation, governance structures in economic policy formation at national and subnational levels, role and participation of different interest groups).

## 2 | The Research Design

The research will construct an Economic Democracy Index (EDI), and use it to test several key questions about the relationship between levels of economic democracy and three key public policy goals (see below). Key questions are: what is the level of public engagement and deliberation in economic decision-making and how does this vary internationally? What is the relationship between different levels and types of economic democracy and achieving key public policy goals around sustainable economic development and social justice?

The research will also seek to test hypotheses on the relations between:

- levels of economic democracy and delivering climate change targets (e.g. using renewable energy and CO<sub>2</sub> reductions as dependent variables)
- levels of economic democracy and economic stability and resilience
- levels of economic democracy and wealth inequality.

### 3 | Research Outputs and Impact

This approach is unconventional and novel in seeking to develop a single indicator that yields insight about how economic governance and decision-making take place and their effects. The research would involve a three-stage research design process with the following:

- Construction of an EDI across OECD countries – and where data exists, key developing countries – that would measure democratic involvement and public participation in economic decision-making. The ambition is to build a new global index, similar to the UN's Human Development Index, for economic democracy, which entails risks due to the availability and quality of data between countries. Such risks will be mitigated by constructing the index in an incremental fashion, beginning with the OECD countries, where data is more readily available, and using other databases provided by the UN, ILO, Eurostat, World Bank as well as key NGO and civil society databases (such as the International Cooperative Association's World Cooperative Monitor) to scale up

and broaden the remit of the EDI as far as possible.

- Using the EDI to test key propositions about the links between economic democracy and key public policy outcomes (noted above). This will involve multivariate analysis both for the most recently available data; and the construction of historical data series to test and model relations across time from 1980-2010.

The research will also involve more qualitative international case study research of countries along the EDI spectrum to understand the deeper underlying processes at work in shaping economic participation, democracy and governance. It is hoped that the findings from the project will inform policy recommendations and debate regarding good economic governance, democratic participation and citizen learning as well as contribution to existing theory and practice on the relations between economic democracy and progressive policy goals.

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