THREE
But What Is Your Alternative?

Reflections on Having a “Plan”
David Schweickart

Not long ago I received a call from my sister-in-law, a fundamentalist Christian, conservative on social issues but not particularly political otherwise. She made a surprising request. Her pastor has taken recently to railing against socialism. But she knows that I am a socialist and not a terrible person, so something didn’t seem right. “Could you explain to me,” she asked, “what socialism is?” “Don’t refer me to a book,” she added. “Just write up a few pages.”

So I took up the challenge. I didn’t attempt an academic treatise. I made no distinction, for example, between “socialism” and “communism,” nor did I attempt a short history of these terms or movements. I gave her, in essence, a brief account of my own version of “socialism,” which included some institutional specifics, since the question, “What is your alternative?” has been the central focus of my research and writing since graduate school days. Here’s my multi-part answer to her question.

WHAT SOCIALISM IS NOT

Socialism is not anti-religious. The fundamental values of socialism (set out below) are in no way incompatible with the basic moral principles of Christianity or any of the other major religions. That the most influential of the early socialists, Karl Marx, was an atheist is a historical accident. Marx, while a student, came under the influence of a group of
German atheists (the Young Hegelians), but he eventually broke with them because he didn’t buy their line that religious superstition was the cause of Germany’s problems. For Marx it was the economic structure, not religion.

**Socialism is not opposed to freedom or individuality.** To the contrary, classical socialism regarded capitalism as a hindrance to real freedom and genuine individuality. In Marx and Engels’s words, we want a society in which “the free development of each is a condition for the free development of all.”

**Socialism is not anti-democratic.** Prior to the advent of the Soviet Union, socialism was explicitly democratic. In the Communist Manifesto, Marx and Engels urge workers to “win the battle of democracy.”

**Socialism is not what developed in Russia and Eastern Europe in the 20th century.** Marx expected socialism to triumph first in the advanced capitalist countries that had already industrialized and developed sophisticated technologies. Instead, the first “socialist” revolution occurred in a backward country surrounded by hostile powers (who had intervened against the revolutionaries during the Civil War). Feeling the need to industrialize rapidly, the leadership (primarily Stalin) put the country on authoritarian, military footing, and proceeded—at horrific human cost—to do just that: industrialize at breakneck speed. When, following WWII, the Russians insisted on keeping the Eastern European countries, which they had occupied in driving back the Nazis, in their “orbit”—for self-protection—they were equally ruthless. The democratic component of socialism—central to authentic socialism—was quashed.

**Socialism is not opposed to inequalities based on genuine differences of productive contribution to society.** Marx called the leveling down of everyone to a common level, “crude communism,” a form inferior to capitalism. Democratic socialists recognize the need for economic incentives to encourage people to develop their talents and to employ them productively. What we don’t want are massive inequalities that keep compounding when you “put your money to work,” so that the more you have, the more your fortune grows.

**Socialism is not about the wholesale replacement of competition with cooperation.** Socialism wants a balanced mix of the two. Certain forms of competition are healthy: we want enterprises to compete to see who can use their materials most efficiently, who can innovate most productively, who best responds to what consumers need and want. Other forms of competition are not healthy: status competition based on consumption levels, regional competition for capital, and above all competition among workers to see who will work for the lowest wage.

**The Core Values of Socialism**

**Meaningful Work**

It has been from the beginning a fundamental tenet of socialism that work is essential to human dignity. Work allows one to contribute to society. Good work allows one to develop one’s skills and talents. Not to be able to find work is devastating to one’s self-respect. Society is in essence saying to you, “There is nothing you have to offer that we want. We may deign to keep you alive, but you are essentially a parasite, living off the work of others, contributing nothing.” (Is it any wonder that unemployment breeds social pathologies.)

**Intergenerational Solidarity**

Socialism recognizes the social nature of human beings, and our profound dependence on one another. No one is truly “independent.” All of us were once children. Most of us will get sick. Most of us will need to be cared for by those younger than we are, just as we have cared for those younger than us. Since none of us chooses his or her parents, or chooses to get sick, or chooses to grow old, socialism asks that we assume collective responsibility for each other. Socialism asks that we, in some way, regard all the children of society as “our” children, all the sick as “our” relatives, and all the elderly as “our” parents. Of course we have special obligations and feelings for our intimate relations, but we have larger collective obligations as well, which can be met by assuring quality prenatal care, child care, education, health care and pensions for all members of our society—and ultimately, for all human beings everywhere.

**Participatory Autonomy**

People have the right to participate in the decisions that affect them. This is the core principle of democracy—and yet, under capitalism, it does not extend to the economy. In particular, it does not extend to the workplace, where the employer exercises near-complete authority, nor does it extend to our society’s investment priorities, even though such decisions—where to invest or not invest, in what to invest or not invest—will affect the long-term structure of our economy and all our lives. Socialism aims at overcoming these “democratic deficits.”

**Ecological Sustainability**

We need an economy that will work in harmony with our increasingly fragile natural world. We need to regard ourselves as stewards of nature, not masters.
WHY SOCIALISM?

Because the capitalist free-market economy, for all its undeniable accomplishments, no longer works—at least not for the vast majority.

WHAT'S WRONG WITH FREE-MARKET CAPITALISM?

Here's a partial list:

Staggering inequality. In the United States the top 1% now take home 25% of the income and own 40% of the wealth—and the gap grows larger every day.

Rising unemployment, which is structural in nature, and hence not temporary. "Labor-saving" technologies now throw more people out of work than are required by new industries. Jobs are increasingly outsourced to lower-wage parts of the world. There is no end in sight to this process.

Intensification of labor—for those who have jobs. A visitor from another planet would surely be puzzled that so many people in our society want to work but can't find jobs, whereas those who do have jobs are working harder, and often longer hours, than they would like. "Why not just spread the work around?" our visitor would wonder. But we know why. The higher the unemployment rate, the more anxious people who have jobs become, the harder they work, and the greater the profit for the owners—whatever the cost to workers' psychological, physical, and/or family well-being.

Growing poverty in the midst of unprecedented material wealth. It was once believed that we, the richest nation on earth, could eliminate poverty. We obviously have the resources. And yet poverty has not been eliminated—and no one even pretends anymore that it can be. In fact, it is growing, not decreasing—at home and in the world at large.

Economic instability—bubbles and recessions that have nothing to do with the "real" economy. Why should that fact that Lehman Brothers, an investment bank, bought some weird financial derivatives result in a near-economic-collapse, requiring billions of bailout dollars to avert? Our "economic crises" are not caused by wars or plagues or natural disasters, which would disrupt the real economy of people and natural resources. Why should those mysterious "financial markets" have such power that they must be appeased at all cost, i.e., at whatever "austerity" is deemed necessary to keep them happy? They shouldn't have such power—yet they do.

Degradation of democracy. As everyone knows, money talks, louder now perhaps than ever before in the history of our country. Our political system is no longer one-person, one-vote, but one-dollar, one-vote. Campaigns cost so much now, and the lobbyists are so numerous, with so much money to dole out. Is it a surprise that politicians do favors for those upon whose donations their political future depends? Is it any wonder that successful politicians—and their financial backers—oppose reforms that would undercut the very system that they have worked to their advantage?

Degradation of our natural environment. As is well known, capitalist economies must either grow or fall into recession. But as the economist Kenneth Boulding once remarked, "Only a madman or an economist thinks exponential growth can go on forever in a finite world." Resources are limited. Moreover, ever increasing consumption does not make people ever happier—as every great religious tradition has long pointed out. We need an economic structure that does not force us to choose between economic recession and ecological catastrophe.

CAN SOCIALISM PRESERVE COMPETITIVE CAPITALISM BUT ALSO ELIMINATE OR AT LEAST MITIGATE RESULTING PATHOLOGIES?

The answer to this question is yes—it is a form of socialism that extends democracy to the economy itself. Consider the structure of free-market capitalism. It consists, essentially, of three kinds of institutions:

- Markets for goods and services: enterprises compete with one another to provide consumers what they need or want.
- Wage labor: In order to work, one must have access to "means of production," i.e., a place to work, equipment with which to work, materials with which to work, etc. These means of production are usually owned by people other than those who are hired to work them. People must compete for jobs (i.e., access to means of production), and, once hired, do what they are told to do.
- Private allocation of investment funds, via private financial institutions that raise money from those who have excess, and allocate it to business promising the highest profitability.

Let us imagine a form of socialism, which we will call Economic Democracy, that keeps the first set of institutions, i.e., competitive markets for goods and services, but a) replaces (most) wage labor, by cooperative labor, and b) replaces those out-of-control financial markets with a democratic allocation of investment. Let us add c) the government as employer-of-last-resort, and d) public provision of basic education, health care, and pensions. Thus our new economy would have:

- a competitive market economy
- democratic workplaces
transparent public banks, answerable to their communities, that allocate investment funds in accordance with long-term development needs
• full-employment
• basic human needs guaranteed

Such a socialism would be economically viable, and would not suffer the massive evils of capitalism. Another world is possible. A better world. And it begin with “S.”

DO WE NEED A “PLAN”?

The reader will notice that in defining “socialism,” I proposed a specific structural alternative to capitalism. Most socialists would not do that. For there is no consensus among socialists as to what an alternative to capitalism should look like. There is broad agreement as to the values an alternative should embody but little as to what institutional reforms would be necessary to instantiate those values.

It is not that the left is deeply divided on this issue. To be sure, there have been alternative models proposed, and there have been debates, but these have been confined to a relatively small number of people, mostly academics. Among those on the left who would self-identify as “socialist,” most simply mean “anti-capitalist,” and this anti-capitalism manifests itself as a critique of the existing order, an ethical critique appealing to socialist values.

Marx, of course, was equally skeptical of mere ethical critique and of constructing “recipes for cookshops of the future.” Marx had a Hegelian faith that humanity’s historical trajectory was toward an ever more rational society, a society that would eventually overcome the increasingly obvious irrationalities of capitalism, taking us from the realm of necessity (where we are governed by impersonal economic forces) to the realm of freedom (where we govern ourselves). And he identified the agent of such a transformation, that new, ever-expanding class of wage laborers—who would eventually come to realize that they had the power to change society so as to eliminate the “contradictions” of capitalism and would exercise that power.

Few of us today share Marx’s confidence that a bright future awaits the human race. We rightly affirm “Another world is possible,” but few (any?) would assert that “A better world is inevitable.” It is quite clear now—as it was not in Marx’s day—that our species may well self-destruct, either in nuclear holocaust or ecological catastrophe. Or—this possibility cannot be ruled out either—a grim and ugly stabilization might occur: the rich and the rest, the former comfortable, the latter adapting to ever more squalid circumstances.

But another, better world—much better—is possible. This is no small fact. The scientific evidence seems clear: our planet still contains sufficient resources to allow each human being a decent, satisfying, fully human life. This is a contingent fact. Research needn’t have reached that conclusion. It might have turned out that there are simply too many of us now, or that we have sufficiently upset the balance of nature that huge numbers of us will have to die prematurely.

Another better world is materially possible—but is it institutionally possible? Many have argued, myself among them, that a humane, sustainable world is not possible so long as the basic institutions of capitalism remain in place.

But are there other institutional arrangements that could be put in place in the foreseeable future, operated by the flawed, non-angelic human beings that we are, which would allow the human race to sustain itself and thrive?

Having grappled with this question for most of my academic life, I am convinced that the answer is yes! This is no small fact either. For TINA has been the mantra for more than three decades now: “There Is No Alternative.” Many on the left have agreed with this grim assessment. In 1992, following the collapse of the Soviet Union, Princeton philosopher Richard Rorty intoned, “We are going to have to stop using the term ‘capitalist economy’ as if we knew what a functioning non-capitalist economy looked like.” In 2000 Jeffrey Isaac, writing in the New Left Review, endorsed Anthony Giddens’s claim that “no one has any alternatives to capitalism”:

Now we might not like this, but Giddens is also correct. To say this is not to regard contemporary capitalism as a “trans-historical feature of human existence” or “second nature.” It is simply to remark that given the history we have inherited and the world that human beings have created, there exists no credible wholesale alternative to capitalism. The same could be said of water purification, modern medicine, electronic communication, industrial technology with all its wastes and hazards, and also civil liberties and representative government of some sort. These are all historical achievements we cannot imagine transcending.

These claims are not only demoralizing, they are false. Nearly a century has passed since socialism first moved, on a national scale, from theory to practice. We now have a wealth of experience and data—which Marx did not have—regarding what works and what doesn’t. We can say now, at least in broad outline, what a viable alternative to capitalism would look like. We do not have to stand tongue-tied when confronted with the question, “What is your alternative?” nor be reduced to mouthing platitudes.

In my own work I have offered a rather specific set of institutions that could form the basis for a viable, desirable socialism. I think it important
to be able to be fairly concrete, so that the proposed model can be examined closely for possible flaws. I do not claim that the model I propose is the only one that could possibly work. I do claim that there is at least one that would. Another, better world is not only materially possible. It is institutionally possible.

ECONOMIC DEMOCRACY: THE BASIC MODEL.

In my response to my sister-in-law I sketched the basic elements of what I call "Economic Democracy," but let me be more specific about several of them. I won't attempt to justify my claims that Economic Democracy is economically viable, and would not suffer the defects of capitalism listed above. I have done that in detail elsewhere. But to see how such a model fits with existing struggles for social change and existing experiments in alternative ways of living, let me lay a few more cards on the table.

Let me begin, not with the model, but with what we now know in light of the economic experiments of the past century.

We now know that competitive markets are essential to the functioning of a complex, developed economy. This is the negative lesson of the socialist experiments of the 20th century. Markets cannot be replaced wholesale by planning. It follows that Economic Democracy will be a competitive market economy.

We now know that some sort of democratic regulation of investment flows is essential to rational, stable, sustainable development—for individual countries and for the world economy as a whole. This is the negative lesson of the neoliberal experiments of the last thirty years, now culminating in a global meltdown. (Can anyone now say with a straight face that financial markets allocate capital efficiently?)

There is something else we know—at least those of us who study such things. Actually, most people do not know this important fact.

We now know that productive enterprises can be run democratically with little or no loss of efficiency, often with a gain in efficiency, and almost always with considerable gain in employment security. This is the positive lesson of a great many recent experiments in alternative forms of workplace organization.

With the right structures in place, workplace democracy works. Not perfectly. Bad managers are sometimes appointed. Bad decisions are sometimes made. Democratic firms sometimes fail. But Winston Churchill's dictum appears to hold: "Democracy is the worst form of government—except for all the others that have been tried from time to time."

What changes might we envisage that would transform our current capitalism into a democratic economy, one that preserves the efficiency strengths of capitalism, but mitigates its most distressing features? Let's begin with the basic model. This is a simplified picture. Any real-life instantiation will, of course, be more complicated. But to begin to envisage a viable alternative to capitalism, we need to start with a relatively simple design. In essence, a free-market capitalist economy consists of three types of markets:

- Markets for goods and services
- Labor markets
- Capital markets

Economic Democracy retains the first set of markets, but replaces the latter two with more democratic institutions. The basic model of Economic Democracy thus has three components:

- A market for goods and services, which is essentially the same as under capitalism.
- Workplace democracy, which replaces the capitalist institution of wage labor.
- Democratic control of investment, which replaces capitalist financial markets.

Let me elaborate briefly on each of these key institutions. First, historical experience makes it clear that markets are a necessary component of a viable socialism. Central planning does not work for a sophisticated economy. The knowledge and incentive problems are too great. (How are planners to know, in fine-grained detail, what consumers want? How do we motivate enterprises to use their resources efficiently, and workers to work conscientiously? How do we incentivize innovation?) But these markets should be largely confined to goods and services. They should not embrace labor or capital. And, of course, they should be regulated so as to protect the health and safety of both consumers and producers. Second, enterprises in Economic Democracy are regarded, not as entities to be bought or sold, but as communities. When you are employed by a firm, you have the right to vote for members of a worker council. This council appoints upper management and oversees major enterprise decisions. Although managers are granted a degree of autonomy, they are ultimately answerable to the workforce, one-person, one-vote. All workers share in the profits of the enterprise. Indeed, workers receive, not a contractual wage, but specified shares of the company's profits. These shares need not be equal, but everyone's income is tied directly to the performance of the firm—hence the incentive to work diligently and efficiently—and to see to it that your co-workers do the same. (Almost all studies of cooperatives find fewer supervisory personnel employed than in comparable capitalist firms.) Third, some sort of democratic control of investment is essential if an economy is to develop rationally. But control of investment is exceedingly difficult if the investment funds themselves are privately generated. The solution to this problem is conceptually simple. Don't rely on private investors. When you do, you become hostage to
their confidence and goodwill (as recent events so amply attest). Generate your investment funds publicly—via taxation. A capital-assets tax is the best tax for this purpose—a flat-rate property tax on all businesses.

This tax is collected by the central government. These revenues constitute the national investment fund. All of these revenues are reinvested in the economy. They are not used for other governmental services. A separate income or consumption tax will fund ongoing governmental expenses.

Each region of the country gets, as a matter of right, its fair share of the national investment fund (in most cases its per capita share). Regions do not compete for capital. Each and every year they get their rightful share of the capital-assets-tax revenue. These funds go to public banks, which channel them back into the economy, utilizing both economic and social criteria—including, importantly, employment creation and environmental sensitivity—when making loans. Coherent long-term investment planning at the national, regional, and community levels becomes possible.¹¹

Would an economy so structured work? As I argue in After Capitalism, the empirical data now available strongly support the claim that such an economy would work better than capitalism. We know a lot now about regulating a market economy. (We know that laissez-faire doesn’t work.) There is a vast literature now extant on worker-owned or worker-managed enterprises. (We know what problems are likely to arise, and how these can be addressed.) There have been many attempts at macro-economic planning, often involving the allocation of investment resources. We know that intelligent investment planning is possible.

ECONOMIC DEMOCRACY: TWO SUPPLEMENTS

The three basic institutions, markets for goods and services, workplace democracy and social control of investment constitute the defining features of Economic Democracy, but there are other structures that should be part of our “new socialism.” Let me comment briefly on two of them.

The Government as Employer of Last Resort

It has long been a tenet of socialism that everyone who wants to work should have access to a job. Everyone should have a genuine right to work. Long-term involuntary unemployment is not only socially wasteful but psychologically devastating. The solution is simple enough. The government will serve as the employer of last resort. If a person cannot find work elsewhere, the government will provide that person with a job, low-wage, but decent, doing something socially useful.

An Entrepreneurial-Capitalist Sector

In my view, Karl Marx’s critique of capitalism remains unsurpassed, but there is an important economic issue that Marx neglected, namely the function of the entrepreneur in society. Marx’s analysis of capitalism focuses on the capitalist qua capitalist, i.e. as the provider of capital. This is a passive function, one which can readily be taken over by the state—as is the case in our basic model.

But there is another role played by some capitalists—a creative, entrepreneurial role. This role is assumed by a large number of individuals in a capitalist society, mostly by “petty capitalists,” who set up their own small businesses, but by some “grand capitalists” as well, individuals who turn innovative ideas into major industries and reap a fortune in the process. Any society that aspires to be technologically innovative must provide incentives for this kind of initiative. It is quite clear from the experience of Soviet socialism that such incentives were sorely lacking in their non-market, centrally planned system. So it might well be good to have some capitalists in our socialist society.

Although workplace democracy should be the norm throughout society, we needn’t demand that all businesses conform to this norm. The petty capitalist, after all, works hard. He is anything but a parasite. It takes energy, initiative, and intelligence to run a small business. These small businesses provide jobs for large numbers of people, and goods and services to even more.

Petty capitalists may provide important services to society, but they do not provide much in the way to technological or organizational innovation. There is also an honorable role to play in a socialist society for entrepreneurial capitalists who operated on a grander scale. Such an entrepreneurial capitalist class need not pose a serious threat to a society in which democratic workplaces are predominant. Democratic firms, when they have equal access to investment capital, need not fear competition from capitalist firms. On the contrary, since capitalist firms must compete with democratic firms for workers, they will be under considerable pressure to at least partially democratize their own operations by instituting profit sharing and more participatory work relations.

Moreover, there is a rather simple legal mechanism that can be put in place to keep this capitalist class in check. The basic problem with capitalists under capitalism is not their active, entrepreneurial role (which relatively few capitalists actually play), but their passive role as suppliers of capital. Economic Democracy offers a transparent, rational substitute for this latter role—the capital-assets tax. So the trick is to develop a mechanism that would prevent the active, entrepreneurial capitalist from becoming a passive, parasitic one.

Such a mechanism is easy enough to envisage: a simple, two-part law stipulating that a) an enterprise developed by an entrepreneurial capital-
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Even more important, it is not vulnerable to the deep problem underlying our recent economic turmoil: insufficient effective demand, due ultimately to the fact that wages have not kept pace with increases in productivity. Wages are a cost of production in a capitalism, and so capitalists strive to keep wages down. If they can’t succeed to their satisfaction in a given community, they will move their production elsewhere—outsourcing certain jobs, moving facilities to lower wage parts of the world. (Wages in the United States have been essentially flat since the mid-70s. Purchasing power has been maintained by borrowing—credit cards, home equity loans, automobile loans, student loan—i.e., by the capitalist class loaning money to workers instead of raising their wages—an unsustainable “solution.”)

But wages are not a cost of production in a democratic firm. Workers receive a specified share of the firm’s profit, not a wage—so all productivity gains are captured by the firm’s workforce. Worker income always keeps pace with productivity gains. Moreover, the threat of plant relocation is non-existent in democratic firms. Workers won’t vote to relocate their facilities abroad.

Capitalism faces an even deeper problem than the one responsible for the economic crisis now holding us in its grip. Should we succeed in getting our economies growing again (indeed, even if we don’t), we will soon find ourselves in an ecological crisis—more precisely, ecological crises—large global ones, many smaller, more regional ones. Economic Democracy is far better positioned than capitalism to avoid ecological crises—for three reasons.

First of all, democratic control over investment means control over development. We can aim for healthy, equitable, sustainable development (which is not the same as economic growth), no longer putting our trust in a system structured to encourage the mindless consumption that fails to make people happy.

Secondly, as has long been recognized in the theoretical literature, democratic firms do not have the expansionist tendency inherent in a capitalist firm. (Democratic firms tend to maximize profit-per-worker, not total profits. A successful capitalist firm can double its profits by doubling its size, whereas a comparable democratic firm, if it doubles its size, doubles the number of workers with whom the profits must be shared—and so per-worker income remains unchanged.) So democratic firms do not try to destroy their competitors or buy them out. They do not face the “grow or die” imperative to which most capitalist firms are subject. Thus democratic firms are structurally compatible with a steady-state economy.

Thirdly, since funds for investment in an Economic Democracy do not come from private investors, the economy is not hostage to “investor confidence.” We need not worry that an economic slowdown will panic investors, provoking them to pull their money out of the financial mar-
kets, triggering a recession. Economic Democracy can be a healthy, sustainable, "no-growth economy," whereas capitalism cannot be.

Actually, "no-growth" is a misnomer. Productivity increases under Economic Democracy and can be translated into increased leisure instead of ever-increasing consumption. When introducing a more productive technology into their enterprise, workers in a democratic firm have a choice not available to their counterparts in a capitalist firm: they can choose to take those productivity gains in the form of short workweeks, or longer vacations, rather than higher incomes. Given the ecological importance of scaling back excessive consumption, the government can encourage such leisure over consumption choices. It can do so without having to worry about provoking a recession. The economy will continue to experience "growth," but the growth will be mostly in free time, not consumption.

WHY HAVING A MODEL MATTERS

Do we really need a "plan" for an alternative economy now, when we are in no position to implement such a plan? Aren't discussions and debates about alternative models distractions from the important activities in which so many activists are currently engaged?

I think we do need, not simply a vision of a better world, but a sense of how that world might be structured institutionally. But before defending this claim, let me be clear: the numerous, often disparate efforts now underway to build a better world are not counterproductive, diverting energy from the revolutionary struggle to replace capitalism with a humane social order. To the contrary, they are essential. The model I propose should, I hope, make this clear.

The fundamental structural changes that define the model I have been describing involve democratizing the economy (hence the name "Economic Democracy"). More specifically, it involves democratizing the workplace and democratizing investment allocation. But these changes in no way determine what decisions the relevant democratic constituencies will make. If we are going to achieve a truly human world, it must be more than just a democratic world. People could, for example, decide that they want ever more consumption, choosing to ignore the ecological consequences of these decisions. A democratic workforce could decide to discriminate against gay or female or minority workers, perhaps even firing them. A democratic electorate, concerned about their taxes, could decide to cut the wage paid to those last-resort government employees to the bare bone.

As socialists we want more democracy, but we want more than just democracy. We want a decent, meaningful life for everyone. We want more community, less selfish individualism. We want our society to be a caring society that is committed (as noted above) to intergenerational solidarity. Many of us think we should be developing technologies that make our work more, not less, skill intensive, and hence more meaningful. Many of us think that we need to develop a deeper connection to the land, and to the food we eat—more small farms, organic agriculture, urban gardens. Many of us think it is important to rebuild our manufacturing base, with an emphasis on high-skilled production. Many of us think we need shorter workweeks, more vacation time so that we have the free time to cultivate the personal relations and artistic skills that allow us to develop fully as human beings.

The abstract model of Economic Democracy in no way guarantees any of these developments. In Economic Democracy, communities have choices to make, workers have choices to make. Each year every community receives its share of the national investment fund. So funds are available for experimentation. Different communities will make different choices. We will come to see what works and what doesn't. There will be space for democratic discussion and debate each year as to what our priorities should be, what our collective vision for our community should be. Mistakes will doubtless be made, but mistakes aren't irrevocable, since more funds will be available the following year to chart a different course if necessary. Workers too can experiment: with various labor-leisure tradeoffs, with job redesign, with job rotations and income differentials. Workers in a given enterprise can see what other workers are doing, and learn from their successes and disappointments.

Given that the basic institutions of Economic Democracy allow for so many possibilities, it is vitally important to engage now in activities that foreshadow a new way of life. It can scarcely be denied that a major change of consciousness must occur—away from the mindless consumption continuously fostered by the capitalist sales effort—if we are going to live sustainably on this earth. We can't wait until "after the revolution" for this change to occur. We have to begin now, not just abstractly, with books and blogs, but concretely in our daily lives. 13 We must also develop a sense, through local efforts at ending racism, sexism, homophobia, militarism, poverty, etc., that we can, if we work collectively, effect significant changes.

At the same time, we must acknowledge that restricted, local efforts in and of themselves are not enough. Shoots of a new world are indeed developing in the interstices of the old, but sooner or later (sooner rather than later, given the urgency of the problems we face) the fundamental institutions of the existing order much be transformed. This is becoming clear to even mainstream thinkers. Consider Brian Barry, one-time editor of Ethics, the preeminent English-language journal of moral philosophy, and, at the time he wrote these words, Lieber Professor of Political Philosophy, Columbia University, and Professor of Political Science, London School of Economics:
One thing can be stated with certainty: the continuation of the status quo is an ecological impossibility. The uncertainty lies with the consequences of this fact. It is quite in the cards that the response will be the further retrenchment of plutocracy within countries and an ever more naked attempt by the United States, aided and abetted by a "coalition of the willing," to displace the costs onto poorer countries. Whether it succeeds or fails, the results will be catastrophic. ... The need for another revolution should be obvious to all those who are not willfully blind. It is not, I fear, probable. But without doubt it is possible.  

Or Gustave Speth, former Dean of the Yale School of Environment and Forestry:

We need to reinvent the economy, not restore it. The roots of our environmental and social problems are systemic, and thus require transformational change. ... For the most part, reformers have worked within this current system of political economy, but what is needed is transformative change in the system itself. The case for immediate action on issues like climate change, job creation, and unemployment extension is compelling, but the big environmental and social challenges we face will not yield to problem-solving incrementalism. Progressives have gone down the path of incremental reform for decades. We have learned that it is not enough.  

Or Nobel laureate economist Amartya Sen:

The big challenges that capitalism now faces in the contemporary world include issues of inequality (especially that of grinding poverty in a world of unprecedented prosperity) and of "public goods" (that is, goods people share together, like the environment). The solution to these problems will almost certainly call for institutions that take us beyond the capitalist market economy.  

If these assertions are true—and I certainly think they are—then, if we are to persuade enough people to generate a mass political movement without which such changes are unthinkable, we must be able to move beyond critique. Too many 20th-century experiments with radical change have turned out badly. We need to be able to say, not only what kind of world we want, but what realistic institutional changes would make this better world we want possible.

There are at least two other reasons for embracing a realistic, positive model of an alternative to capitalism.

First of all, the model itself suggests concrete reform proposals. Economic Democracy suggests, for example, technical and start-up support for cooperatives, democratization of Employee Stock Ownership Plans (ESOPs), regional and national public investment banks—reforms that move us in the direction we want to go.

Secondly, a model such as Economic Democracy makes it clear that a democratic transition to a new economy could be made, if economic and political conditions are right, that would not entail massive, immediate, disruptive changes in people's daily lives. It is important, I think, that we be able to imagine a peaceful transition to a qualitatively different world.

Consider one scenario: Suppose the United States were to suffer a major stock market meltdown, and that the electorate, sick of bailouts and other failed remedies, bring into power a new party with a new vision. What might that new government do? Well, it could

- buy controlling interest in our publicly traded companies (whose stock prices had plummeted)
- transfer control rights to the workers
- nationalize the banking system
- institute a government-as-employer-of-last-resort program

These are fundamental changes, but not beyond our technical competence. The day after "the revolution" the vast majority would continue on as they did the day before. Ownership of many of our workplaces has changed, but the work we were doing still needs to be done. Daily life goes on—and yet institutions are now in place compatible with a qualitatively different world.

Let me be clear. Having as part of a movement's intellectual arsenal a relatively concrete proposal for an alternative economy is by no means sufficient to ensure success, though I do think it a necessary component. We also need a compelling vision of the world we want, details drawn from the successful experiments already underway. It is also crucial that people have a sense that, while engaging in concrete, particular, often local projects, they are also part of a global project, not just to save the world from catastrophe, but to create a far, far better world than the one we inhabit at present.

An impossible dream? A far, far better world is not materially impossible. We have the necessary material resources. It is not institutionally impossible. We can assert, with a high degree of confidence, that a viable democratic economy could be constructed that would not suffer capitalism's glaring defects. Is it politically possible? After all, income and wealth have become concentrated at the top to an almost unprecedented degree.

It's no use pretending that what has obviously happened has not happened. The upper 1 percent of Americans are now taking in nearly a quarter of the nation's income every year. In terms of wealth rather than income, the top 1 percent control 40 percent.

Nobel laureate Joseph Stiglitz insists that we face these facts. In a remarkable article appearing in the May 2011 issue of Vanity Fair, he goes on to document the disastrous effects of the massive growth in inequality, then turns his attention to the uprisings in the Middle East:
In recent weeks we have watched people taking to the streets by the millions to protest political, economic and social conditions in the oppressive societies they inhabit. Governments have been toppled in Egypt and Tunisia. Protests have erupted in Libya, Yemen and Bahrain. The ruling families elsewhere in the region look nervously from their air-conditioned penthouses—will they be next? They are right to worry. . . . As we gaze out at the popular fervor in the streets, one question to ask ourselves is this: When will it come to America? In important ways, our own country has become like one of these distant, troubled places . . .

He concludes his article with these words:

The top 1 percent have the best houses, the best educations, the best doctors, and the best lifestyles, but there is one thing that money does not seem to have bought: an understanding that their fate is bound up with how the other 99 percent live. Throughout history, this is something that the top 1 percent eventually do learn. Too late.”

Will the good guys win? Maybe. Maybe not. There are no guarantees. But another world is possible, and to struggle for it, win or lose, to work with other good people for serious change, will not be in vain—not if having a meaningful life is, well . . . meaningful. (Do something. Then do something more.) And we shouldn’t forget the fable Pete Seeger often liked to say:

Imagine a big seesaw, with a basketful of rocks sitting on one end. That end is down on the ground. At the other end, up in the air, is a basket half full of sand. Some of us are trying to fill it, using teaspoons. Most folks laugh at us: “Don’t you know the sand is leaking out even as you put it in?” We say that’s true, but we’re getting more people with more teaspoons all the time. One of these days that basket of sand will be full and you’ll see this whole seesaw just tip the opposite way. People will say, “Gee, how did it happen so suddenly?” Us, and our goddamn teaspoons.

NOTES

2. Communist Manifesto, 60.

8. Most recently in After Capitalism, 2nd Edition (Lanham, MD: Rowman and Littlefield, 2011). (Subsequent references to After Capitalism are to this revised edition.)
9. This claim is not as contentious as it once was, but it is far from universally accepted on the left. For a sampling of the debate, see Bertell Olmanson, ed. Market Socialism: The Debate among Socialists (New York: Routledge, 1998). In this volume James Lawler and I defend market socialism, Bertell Olmanson and Hilari Ticktin oppose it.
10. For a sampling of the evidence see After Capitalism, Section 3.2.
11. More and more relatively mainstream thinkers are beginning to think about alternatives to private financial markets. John Woolsey, Head of the Woolsey Centre for the Study of Capital Market Dysfunctionality at the London School of Economics, asks, “Why on earth should finance be the biggest and most highly paid industry while it’s just an utility, like sewage or gas?” In questioning so sacred a cow as finance, Woolsey admits, “What we are doing is revolutionary.” Quoted by John Cassidy, “What Good Is Wall Street?” New Yorker (November 29, 2010).
12. This argument is elaborated in more detail in After Capitalism, Section 5.1.
13. To deal with low-wage competition from abroad while maintaining international solidarity, Economic Democracy will institute a policy of “socialist protectionism,” tariffs that inhibit wage competition accompanied by rebates to the poorer countries, supplemented by other policies aimed at eliminating global poverty. For details, see After Capitalism, Sections 3.6 and 4.5.2.

14. There is a large literature on good things being done now to build a better world. See, for example, Gar Alperovitz, America Beyond Capitalism: Reclaiming Our Wealth, Our Liberty and Our Democracy (New York: W. W. Norton, 2006); FRANCESCO MORE LAPPÉ, Getting a Grip: Clarity, Creativity and Courage for the World We Really Want Cambridge, MA: Small Planet Media, 2010; and Juliet Schor, Plundered: The New Economics of True Wealth (New York: Penguin, 2010). See also Yes! Magazine. Every issue is full of ideas and examples.

18. For more details and more examples, see After Capitalism, Section 6.2.
19. For others, see After Capitalism, Section 6.3.
20. Such a procedure could have been followed when General Motors went bankrupt in 2009. The government did, in effect, nationalize the company, receiving 60 percent of the stock in the “new GM” that was created when the “old GM” collapsed.
21. Both Norway and Sweden did so, temporarily during crisis periods in the early 1990s. It is interesting to note that Nobel laureate Paul Krugman, in spelling out his own plan for economic recovery following the 2008 meltdown, observes that “it will come close to full temporary nationalization of a significant part of the financial system”—though he is quick to add, “this isn’t a long term goal, a matter of seizing the economy’s commanding heights: finance should be reprivatized as soon as it is safe to do so.” He doesn’t see why—apart from considerations of political expediency. He does not want to be branded a closet socialist, “for nothing could be worse than failing to do what is necessary out of fear that acting to save the financial system is somehow ‘socialism.’” Paul Krugman, The Return of Depression Economics and the Crisis of 2008 (New York: Norton, 2009), 186.


REFERENCES


Stiglitz, Joseph. “Of the 1%, by the 1%, for the 1%,” *Vanity Fair,* May, 2011.