



## Winoing Wheat From Chaff

Social Democracy And Libertarian Socialism In The Twentieth Century

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### Social Democracy: Giving Credit Where Credit Is Due

I mean it as a great compliment when I say that capitalism functions poorly indeed without social democrats. The "golden age of capitalism" was due more to the influence social democrats exerted over capitalism than any other single cause. Only when social democratic policies have been ascendant has capitalism proved able to avoid major crises and distribute the benefits of rising productivity widely enough to sustain rapid rates of economic growth and create a middle class. Political democracy in the twentieth century also received more nurturing from social democratic parties than from any other single source. However, despite their important accomplishments, crucial compromises social democrats made with capitalism bear a major responsibility for the failure of the economics of equitable cooperation to make greater headway against the economics of competition and greed in the twentieth century.

Of all the political tendencies critical of capitalism, social democrats have participated in reform campaigns and electoral democracy most effectively. Sometimes social democratic parties won elections and formed governments that carried out major economic reforms. Other times reforms that began as planks in platforms of social democratic parties out of power were implemented by rival parties decades later. Some of the major reforms social democrats deserve a great deal of credit for include old age insurance, universal health care coverage, welfare for those unable to work or find work, financial regulation, stabilization of the business cycle through fiscal and monetary policies, incomes policies to combat cost-push inflation while reducing income inequalities, and long-run, comprehensive planning policies to promote growth and development. Wherever and whenever social democrats were politically stronger, reforms were more numerous and went deeper. Social democrats were strongest in Sweden from the mid-1950s to the mid-1970s where social democratic reforms achieved their apogee. Social democracy in Germany was strongest under Helmut Schmidt and Willy Brandt in the 1970s. The high point for social democratic reforms in the United States occurred prior to World War II during the New Deal of President Franklin Delano Roosevelt. The high point in France and Great Britain occurred immediately after World War II when a united front government in France and Labor Party government in Great Britain each ruled briefly. Lyndon Johnson's "war on poverty" in the mid-1960s and Francois Mitterrand's first year in power in 1981 proved to be short-lived resurgencies of social democratic agendas in their respective countries.

### Failures of Social Democracy: The Benefits of Hind Sight

I do not pretend to offer a comprehensive critique of social democracy. In this essay I do not even address what I consider to be the greatest failing of twentieth century social democracy -- its failure to oppose Western imperialism and support Third World Movements for national liberation. I only consider the economic ideology and programs of social democracy, and review only the work of two authors whom I consider particularly insightful. Michael Harrington and Magnus Ryner are peerless students of social democratic history whose support for their cause did not prevent either of them from writing critically. As the leading social democrat in the United States from the 1960s until his untimely death in 1989, Michael Harrington combined insider knowledge with a critical detachment derived from viewing

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powerful European social democratic parties from the perspective of a small party in the United States that could not have been farther from the halls of power itself. In *The Next Left: The History of the Future* (Henry Holt & Co., 1986) and in *Socialism: Past and Future* (Little, Brown & Co., 1989) Harrington provides a sympathetic, but critical evaluation of social democracy. In "Neoliberal Globalization and The Crisis of Swedish Social Democracy" published in *Economic and Industrial Democracy* (SAGE, 1999), and in *Capitalist Restructuring, Globalization and the Third Way: Lessons from the Swedish Model* (Routledge, 2002) Magnus Ryner provides an insightful, up-to-date analysis of the "Swedish model." Harrington and Ryner both try to explain why social democratic reforms were not more successful in their heyday, lost momentum in the 1970s, and were rolled back over the last two decades. I will emphasize where I think we must go beyond their criticisms.

What IS the Alternative to Capitalism? As the twentieth century progressed, social democrats' answer to this crucial question became increasingly more vague, ambiguous, and self-contradictory. In the early part of the century they dealt in rhetorical flourishes counterpoising democratic direction of the economy to rule by profit seeking capitalists, but in Harrington's words, social democrats "were woefully imprecise about what it meant, much less as to how to put it into practice." (SP&F: 20-21) Harrington concludes that for the first half of the twentieth century social democrats "attempted, with notable lack of success, to figure out what they meant by socialism, and remained inexcusably confused about its content. Was there a socialist substitute for capitalist markets, either a plan or a new kind of market? Even if one could solve the political difficulties and achieve a sudden and decisive socialist take over, that would simply postpone all the other problems to the next morning -- as happened, catastrophically, with the Bolsheviks after the Revolution." (SP&F: 20,21, 24) I could not agree more with Harrington on this point. I am convinced that until progressives clarify how the economics of equitable cooperation can work, convincingly and concretely, we are unlikely to avoid the fate that befell twentieth century social democrats.

Harrington went on to point out that after World War II social democrats gave up on their search for an answer to the question that eluded them, and instead embraced a concrete answer to a different question: "John Maynard Keynes miraculously provided the answer that Marx had neglected: socialization was the socialist administration of an expanding capitalist economy whose surplus was then partly directed to the work of justice and freedom." (SP&F: 21) While Keynesian policies humanized capitalism significantly, unfortunately that was all they did, or ever can do. Harrington tells us that when the "Keynesian era came to an end sometime in the seventies, the socialists were once more thrown into confusion." (SP&F: 21) By then, however, social democrats had long forgotten the original question whose answer had always alluded them: Exactly how does the economics of equitable cooperation work?

Unfortunately, even social democrats like Harrington who recognized the above problem, contributed nothing to its solution. In an entire chapter on "Market and Plan" Harrington fails to remove any of the vagueness from social democratic rhetoric about how equitable cooperation could actually function. He tells us "only under socialism and democratic planning will it be possible for markets to serve the common good as Adam Smith thought they did under capitalism." (SP&F: 219) But he provides no compelling reasons for why this would be the case. He sits squarely on the fence, contributing nothing to the debate over the existence of an alternative to markets and command planning. "Alec Nove argues either there is a centralized and authoritarian plan for the allocation of resources or there must be markets. Nove, I think, overstates this counter position. Ernest Mandel projects a vision of democratic planning, but I am not sure it is feasible." (SP&F: 242) Harrington concludes his chapter in a paroxysm of ambiguity and double talk surrounding reiteration of the obvious:

Markets are obviously not acceptable to socialists if they are seen as automatic and infallible mechanisms for making decisions behind the backs of those who are affected by them. But within the context of a plan, markets could, for the first time, be an instrument for truly maximizing the freedom of choice of individuals and communities. I would not, however, use the phrase 'market socialism' to designate this process. What is critical is the use of markets to implement democratically planned goals in the most effective way. That, it must be said, involves a danger: that the means will turn into ends. There is no guarantee that this will not happen short of a people genuinely committed to solidaristic values and mobilized against the threat inherent even in the planned employment of the market mechanism. The aim, then, is a socialism that makes markets a tool of its nonmarket purposes. (SP&F: 247)

What Harrington completely fails to address in his confusion is whether or not when people interact through markets this subverts their commitment to Harrington's vaunted "nonmarket purposes." If participation in markets systematically undermines the "solidaristic values" of even those most "mobilized against the threat inherent in the market

mechanism," then why would Harrington believe that "means" will not "turn into ends?" What is particularly galling about this abject failure of intellectual leadership regarding plan versus market is that it effectively endorses the unofficial policy of social democracy in favor of market socialism while avoiding responsibility for renouncing the idea of a system of democratic planning. Harrington tells us that "putting market mechanisms at the service of social priorities rather than in command of the economy is an area in which democratic socialists have contributions to make," (SP&F: 233) and reminds us that social democrats in the Swedish Labor Federation (LO) were taming the labor market through a labor market board and incomes policy as early as 1950. This is all well and good. But the question remains: Is the phrase "democratic planning" to mean something more than political intervention in particular markets in particular ways. After reading an entire chapter on the subject, readers of Harrington's book remain as clueless about his answer to this fundamental question as they were before beginning.

Coping With a Fractured Working Class: Harrington's second explanation for the failure of social democracy is that the homogeneous, majoritarian working class prophesied by Marx never materialized. Instead the working class "divided on the basis of skill, gender, religion, and the like, and in the post-World War II period, when the shift toward the professionals and the service sector became blatantly evident, the socialists were forced to confront the fact that their historic ideal had been shorn of its supposed agency." (SP&F: 21-22) While social democrats may have been slow to give up on the myth of a homogeneous working class, they were quicker to adapt than most communists and libertarian socialists who continued to labor far longer under the illusion of a growing working class majority who would eventually identify primarily in class terms. So I am less inclined than Harrington to chastise social democrats for coming to grips slowly with the fact that a majoritarian movement for the economics of equitable cooperation would have to be built not only from segments of the working class who saw themselves as different and with interests at odds with one another, but from non-class "agents of history" as well. However, I am more critical than Harrington of how social democrats chose to adapt to something that came as a surprise to all leftists. As explained below, I believe social democratic union leaders and politicians too often found it convenient to prioritize more privileged sectors of an increasingly diverse working class at the expense of less privileged ones, and embraced theories that rationalized their behavior by obfuscating the meaning of economic justice.

The Pitfalls of Gradualism: I think Harrington's third reason for social democratic failures is critical. He points out that even when social democrats realized they were "stuck with gradualism and all its attendant problems," and responded in the only sensible way -- "have socialists permeate the society from top to bottom" -- unfortunately they "overlooked one of capitalism's most surprising characteristics: its ability to co-opt reforms, and even radical changes, of the opponents of the system." (SP&F: 24) Harrington clearly understands the problem well. He points out: "Capitalists themselves were, in the main, not shrewd enough to maneuver in this way. The American corporate rich fought Roosevelt's functional equivalent of social democracy with a passionate scorn for the 'traitor to his class' who was President. Yet these same reactionaries benefited from the changes that the New Deal introduced far more than did the workers and the poor who actively struggled for them. The structures of capitalist society successfully assimilated the socialist reforms even if the capitalists did not want that to happen." (SP&F: 25) But while Harrington goes to great lengths to search for what new leftists called "non-reformist reforms," he has little to say about the only real way to confront the problem that capitalism will co-opt reforms and co-opt reformers as well: create institutions of equitable cooperation for people to live in even while they are engaged in the lengthy process of fighting for reforms and convincing the victims of capitalism to jettison the economics of competition and greed entirely. It is not enough to complain, as Harrington tells us Karl Kautsky did in a letter after World War I, "that it had become impossible to get anyone in the movement to do anything as a volunteer," or to agree with Robert Michels who demonstrated in his famous study of German social democracy how "outcast revolutionaries had turned into staffers." (SP&F: 21) There is only so long activists will volunteer while others secure positions in the movement that allow them to wield more power and secure economic livelihoods for themselves that are more commodious than most of those whom they lead. Social democracy insufficiently inoculated its members against the virus of capitalist values, and failed to ensure that leaders lived up to the values they preached. More importantly social democratic practice provided too little institutional support for members who wanted to live in ways that "keep the dream alive," even while most around them competed individualistically in the capitalist market place. Below I offer suggestions about how this problem can be better addressed, but I do not think the answer lies in searching for reforms that are somehow less "reformist" than most reforms social democrats pursued in the twentieth century. Reforms are reformist. They do make capitalism less harmful while leaving capitalism in tact. It does no

good to think we can resolve this dilemma by finding some kind of "non-reformist reform." Instead, the answer lies in how we fight for the only kind of reforms there are, and in providing people who reject capitalist values practical ways to personally live according to human values -- and insisting that those who would lead the movement for equitable cooperation do so as well.

Harrington's last two reasons why social democracy did not fare better are important historically, but there was no way social democrats could have avoided them in the twentieth century, just as there will be no way for us to avoid them in the century ahead. Therefore, lessons must take the form of how to mitigate predictable damage from circumstances we cannot prevent.

The Pitfalls of "Lemon" Socialism: Harrington complains: "In ordinary times, when the system was working on its own terms, the socialists never had the political power to make decisive changes and were thus fated to make marginal adjustments of a basically unfair structure. In the extraordinary times when the socialists did come to power, after wars or in the midst of economic crises, they had a broader mandate, but never a support for revolution, and they inherited almost insoluble problems from their capitalist predecessors." (SP&F: 25) A popular joke in Peru in the mid 1980s captured this dilemma perfectly. For more than sixty years the Peruvian military assassinated and arrested leaders of the Peruvian social democratic party, APRA, and prevented APRA from taking power after it won elections on numerous occasions. According to the joke, the cruelest punishment the Peruvian military ever meted out to APRA was to finally allow the party to take power after winning elections in 1985. The oligarchy had so badly mismanaged the economy that neither they nor the military wanted to take responsibility for the economic crisis that was unavoidable. The jokesters proved to be remarkably prescient. In twelve months the approval ratings for Alan Garcia dropped from 60 to 15 percent, and it took more than a decade for APRA to recover its position as a significant political force after his disastrous term in office ended.

This problem is also referred to as "lemon socialism": When social democrats were able to nationalize companies, or industries, it was usually because they were in terrible shape. Consequently they often performed badly as public enterprises simply because they were going to perform badly in any case. After World War II this was a problem for the Labor government in Great Britain and for the popular front government in France. Harrington comments that Francois Mitterrand's Socialist Party failed to realize in 1981 "how run down the industrial plant had been allowed to become," and quotes from a 1984 retrospective on the Mitterrand victory in *The Economist* that concluded: "The Socialists thought they would nationalize a phalanx of rich industrial concerns that could be used to boost output, jobs, and national wealth. Instead, with one or two exceptions, the state had acquired, at high cost, a collection of debt-ridden, wheezing remnants of the go-go years of Gaullist giantism." (NL: 123) On a smaller scale this problem plagued steel companies in Pittsburgh Pennsylvania and Youngstown Ohio in the 1980s that were taken over in employee buy outs with support from local governments anxious to preserve their tax base. Of course it is always more advantageous to take over winners than losers for public and employee management. But we will no doubt find ourselves faced with less attractive options in the future, just as social democrats were in the past. What lessons are to be learned?

There may be circumstances so unfavorable that they are literally programmed for failure, in which case we must be patient enough to refrain from taking over only to preside over a disaster. However, rather than turn away from opportunities because they are risky, I think wisdom will more often take the form of negotiating for a larger mandate. After all, with a large enough mandate we believe there is no social problem we cannot tackle successfully! Problems arise when one takes over a lemon with insufficient financial resources, or takes over a government with an insufficient voting majority in the legislature, or with debilitating constraints imposed by the military or by hostile financial interests. My own reading of twentieth century social democratic history leads me to the conclusion that tougher negotiations over how much leeway our opponents permit us when we take over a situation our opponents do not want to take responsibility for themselves, and a greater willingness to turn down the job if we are not given the tools necessary to do it, will often serve us well. But these are always tough calls, and there will no doubt be disagreements among those fighting to replace the economics of competition and greed with equitable cooperation over this kind of tough call in the century ahead, just as there were in the past.

Global Capital Markets: The 900 Pound Gorilla: Finally, Harrington tells us social democrats were "utterly unprepared for the internationalization of politics and economics that has been one of the decisive trends of the twentieth century." (SP&F: 25) In particular Harrington

blames the failure of the socialist government of Francois Mitterrand in France in the early 1980s primarily on hostile global capital markets. "The failure of the bold plans of the Mitterrand government in 1981-82 were caused, above all, by an open economy that had to bow to the discipline of capitalist world markets rather than follow a program that had been democratically voted by the French people." (SP&F: 27) The extent to which social democratic reforms in a single country can be vetoed by global financial markets in the neoliberal era is of great importance to consider carefully.

A mushrooming pool of liquid global wealth -- created by record profits due to stagnant wages, downsizing, mega mergers, and rapid technical innovation in computers and telecommunications -- is now more free to move in and out of national economies at will than at any time in history. A trend away from prudent restraints on international capital flows built into the Bretton Woods system, toward full blown "capital liberalization" began with the unregulated Eurodollar market in the 1960s and culminated in a successful neoliberal crusade to remove any and all restrictions on capital mobility in the context of a global credit system with minimal monitoring and regulation, no lender of last resort, and serious regional rivalries that obstruct timely interventions. Neoliberal global managers have literally created the financial equivalent of the proverbial 900 pound gorilla: Where does the 900 pound gorilla -- global liquid wealth -- sit? Wherever it wants! And when a derivative tickles, and savvy investors -- who realize they are functioning in a highly leveraged, largely unregulated credit system -- rush to pull out before others do, currencies, stock markets, banking systems, and formerly productive economies can all collapse in their wake. What this does, of course, is give international investors a powerful veto over any government policies they deem unfriendly to their interests. If neoliberal global capitalism could trump Mitterrand's program in an advanced economy like France that was not facing international bankruptcy in the early 1980s, and forced the most powerful of all social democrats in Sweden to abandon their reforms in the late 1980s and early 1990s, what hope is there for social democratic programs that attempt to spur equitable growth in bankrupt third world economies facing even more powerful global financial markets and an even more implacable IMF in the early twenty-first century? Both Harrington and Ryner provide useful insights based on twentieth century social democratic experiences that I will add to, more than disagree with.

In chapter 6 of *The Next Left* Harrington provides a detailed analysis of the failure of the Mitterrand Socialist government in France in the early 1980s that is extremely instructive. He begins: "President Mitterrand and the French Socialists received an absolute majority in 1981 and proceeded faithfully to carry out a program that had been carefully worked out over a decade. Within a year they were forced to sound retreat, and by the spring of 1983 they had effectively reversed almost every priority of their original plan. Had a movement that had boldly promised a 'rupture with capitalism' on the road to power become more capitalist than the capitalists once in power?" (NL: 116-117) Harrington admits that "rupture with capitalism" rhetoric was partly hype, but points out that "practically every campaign promise was redeemed during the first year," in which the Mitterrand government "honored the clenched fist of working class history and the poetic rose of May 1968." (NL: 119) The program was, indeed, every bit as "audacious" as one could have hoped for. It consisted not only of left Keynesian policies to stimulate equitable growth, but aggressive nationalizations and a "new model of consumption," i.e. "a qualitative rather than merely a quantitative change." (NL: 119) It is worth taking a close look at what happened precisely because unlike many other twentieth century social democratic governments, on taking office the Mitterrand government did not immediately back off from bold campaign promises.

The French Socialists immediately increased the buying power for the least-paid workers through dramatic increases in the minimum wage and a "solidaristic wage policy" giving the greatest wage increases "to those at the bottom of the occupational structure." (NL: 127) To increase the demand for labor the government increased hiring in the public sector and increased government spending on social programs. To decrease the supply of labor and shift use of society's social surplus from more consumption to more leisure the government sponsored programs for early retirement at age sixty, increased annual paid vacation from four to five weeks, and tried to reduce the work week from 40 to 35 hours. All this is hard to fault. Unfortunately the last program fell victim to political machinations within the left over whether or not it would be reduced hours for the same pay, i.e. a real wage increase, or reduced hours for less pay, i.e. "work sharing." The Communist led federation of unions and the more traditional business unions opposed any reduction in pay. The Catholic Democratic Confederation of Labor supported work sharing as did the government's Minister of Labor arguing that real wages had already been increased in other ways and that work sharing benefited the least advantaged -- the unemployed -- and encouraged leisure over consumerism. The end result was 39 hours for 39 hours of pay, i.e. an insignificant work

sharing that left nobody satisfied and everyone bitter.

Proclaiming themselves different from social democrats elsewhere in Europe who had long since abandoned nationalization, the French socialists went through with an impressive list of nationalizations they had promised during the election campaign. Again the courage displayed by the nationalizations is hard to fault. However, besides the fact that many of the companies they took over were much weaker than they realized, two other problems limited benefits from the nationalizations. Harrington tells us: "At the cabinet meeting at which the decision was made to go ahead with the nationalizations, there was a fateful debate that pitted Michel Rocard, Jacques Delors, and Robert Badinter against most of the rest of the ministers and, the decisive factor, against the president. There is no need, Rocard and Delors argued, for Paris to pay for one-hundred percent of an enterprise that is targeted for government ownership. Fifty percent is quite enough -- and much less expensive. But Mitterrand went ahead with one-hundred percent buy outs." (NL: 136-137) Harrington points out that the consequences were not dissimilar to corporate takeovers with borrowed money in the United States -- "the acquired company had to be starved for cash in order to finance its own acquisition." (NL: 137) The second problem, how the newly nationalized companies were managed, was caused, in part, by the first. Harrington quotes from a letter sent to the new administrators which said: "You will seek, first of all, economic efficiency through a constant bettering of productivity. The normal criteria of the management of industrial enterprises will apply to your group. The different activities should realize results that will assure the development of the enterprise and guarantee that the profitability of the invested capital will be normal." (NL: 136-137.) In other words, the new managers were given marching orders no different than those stockholders would send to a CEO they had just hired! Harrington goes on to tell us: "Alain Gomez, a founder of the Marxist left wing of the Socialist party, CERES, and a new official in the public sector, was even blunter: 'My job is to get surplus value.'" (NL: 136)

The problem is, of course, that if capitalists are paid the full present discounted value for their assets, and if nationalized enterprises are managed no differently than private enterprises, the only thing that will change is who employees and taxpayers will resent. Instead of resenting greedy capitalists they will resent the "socialist" government, the "socialist" ministers, and their new "socialist" bosses. Like Harrington, I can understand this is easier to see from the outside free from budgetary and managerial pressures, but it is true nonetheless. Moreover, the government's efforts to promote decentralization and worker participation were no more successful in state enterprises than in the private sector. Harrington tells us: "Although the Auroux laws were unquestionably progressive, they fell far, far short of the ideal of self-managed socialism. In essence, the workers were given the right to speak up on issues affecting their industry -- which was a gain -- but they got no power to make decisions. One of the consequences of genuine worker control is that productivity goes up. But given the extremely limited nature of the workers' new rights -- and the mood of moroseness that settled over the society not too long after the euphoria of May 1981 -- that pragmatic bonus from living up to an ideal was not forthcoming." (NL: 137) Unfortunately the administrators of newly nationalized enterprises who received the letter quoted above were no more inclined than their counterparts in the private sector to accede power to make decisions to their employees from whom they were busy extracting "surplus value."

Finally, the government launched strong expansionary fiscal and monetary policies to provide plenty of demand for goods and services so the private sector would produce up to the economy's full potential and employ the entire labor force. Again, there is nothing to find fault with here. Everyone deserves an opportunity to perform socially useful work and be fairly compensated for doing so. However, there is only so much any progressive government can do about this as long as most employment opportunities are still with private employers. Mitterrand deserves praise for doing the most effective thing any government in an economy that is still capitalist can do in this regard: ignore the inevitable warnings and threats from business and financial circles and their mainstream economist lackeys preaching fiscal "responsibility" and monetary restraint, and unleash strong expansionary fiscal and monetary policy.

Unfortunately this is where the Mitterrand government had its worst luck and discovered just how powerful global financial markets can be. They were unlucky when OECD projections in June 1981 of a strong global recovery proved completely wrong. They were unlucky that French trade had shifted toward the third world over the previous decade where the global slump was most severe. They were unlucky that "the Socialist stimulus created new jobs in West Germany, Japan, and the United States, as much as, or more than, in France." (NL: 133) More to the point, they were unlucky there were conservative governments in

Washington, London, and Bonn since while Reagan, Thatcher, and Kohl all helped each other juggle expansions at crucial political junctures, they could not have been more pleased when capital flight and growing trade and budget deficits brought the French Socialist program to a grinding halt. But mostly, Harrington tells us they were unlucky "because France could not afford to run a relatively large internal (government) deficit and an external (balance of trade) deficit at the same time." (NL: 117) The only government fortunate enough to be able to do that, Harrington pointed out, is the United States government, as the Reagan administration proved with their military Keynesianism accompanied by tax cuts for the rich during exactly the same years when international financial markets prevented France from running such smaller budget and trade deficits as a percentage of its GDP. However, with the benefit of hindsight it is apparent the Mitterrand government did not handle an admittedly difficult situation as well as it might have.

Harrington points out that trying to avoid devaluing the franc was a mistake. Whether it was because the advice to devalue came from Mitterrand's "arch inter party rival, Michel Rocard," or due to false pride -- "one does not devalue the money of a country that has just given you a vote of confidence" -- matters little. Of course hind sight is twenty-twenty, particularly regarding currency devaluations. Nonetheless, devaluation would have reduced the balance of payments deficit, thereby buying the government more time for its program. But the most important lesson is one Harrington shied away from, just as the African National Congress government in South Africa and the Lula Worker Party government in Brazil have shied away from it more recently. There are only three options: (1) Don't stimulate the domestic economy in the first place because you are not willing to stand the inevitable heat in your kitchen. (2) Stimulate, but back off as soon as new international investment boycotts your economy, domestic wealth takes flight, financial markets drive interest rates on government debt through the ceiling, and the value of your currency drops like a hot potato. Or (3) stimulate, but be prepared to face the heat international capital markets will bring with strong measures restricting imports and capital flight, by substituting government investment for declines in international and private investment, and by telling creditors you will default unless they agree to roll overs and concessions. Option three is the economic equivalent in the neoliberal era of not only playing hardball with international creditors, but going to financial war if need be. As daunting as option three is, it is important to remember that the Mitterrand government in France proved that option two does not work. As Harrington admitted, "within less than two years the Socialists were engaged in administering a regime of 'rigor,' otherwise known as capitalist austerity." (SP&F: 20) Moreover, option two almost always leads to even worse austerity measures than option one because regaining credibility with global financial markets is usually more difficult than not losing it in the first place. Option two also creates more political damage because voters understandably hold the reformers responsible for the pain caused by the austerity program reformers preside over. On the other hand, the ANC government in South Africa has proved that option one inevitably undermines support from the social sectors that bring progressive governments to power in the first place. If you make no serious attempt to fulfill campaign promises, you inevitably alienate those who voted you into office. Unfortunately it appears the Worker Party in Brazil intends to repeat this mistake. If they continue to renege on campaign promises I fear "comrade" Lula's political base may prove even less forgiving than the ANC base in South Africa who did have the ANC to thank for delivering them from apartheid, if not from economic subjugation and poverty.

So what lessons can we learn from Harrington's retrospective? Unlike some left critics, I do not believe that social democracy's success in taming capitalism was responsible for the failure to replace capitalism in the twentieth century. Had social democratic parties been less successful at reducing capitalist irrationality and injustice, I believe twentieth century capitalism would simply have been more crisis ridden and inhumane than it was. Had Herbert Hoover presided over the Great Depression instead of Franklin Delano Roosevelt, I believe the depression would only have been deeper and caused more unnecessary suffering. Without New Deal reforms to build on, I believe socialists' chances of replacing capitalism in the US in the years before World War II would have been even slimmer than they were. Without social security, unemployment insurance, and a minimum wage, and without the example of more robust social democratic reforms in Sweden during the 1960s and 1970s, I believe even fewer people today would believe that equitable cooperation is possible. Broadly speaking, I believe the road to equitable cooperation lies through more and more successful equitable cooperation, not through less. "Crises" that sometimes trigger the overthrow of structures of privilege are crises of legitimacy, crises of public confidence in ruling elites, or ideological crises that free people from the myths that make them unwitting accomplices in their own oppression. Cracks in the ideological hegemony that under girds the status quo are the catalysts of social change precisely because they allow people to see that a better world is possible. More suffering in and of itself does not lead people to revolt. Becoming convinced

that suffering can be prevented is what motivates people to take risks and stand up for change. Since winning reforms rather than standing by and pointing accusatory fingers at deteriorating conditions is what convinces people that suffering is unnecessary, in my opinion the problem with social democratic reforms was not that they were too successful, but that they were not successful enough.

Nor do I believe that more competition and greed teaches people how to cooperate more equitably. Quite the opposite, the more people practice competition and greed the more difficult it is for them to develop the trust and social skills necessary for equitable cooperation. And the more competition and greed is tolerated the stronger becomes the capitalist enabling myth that people are capable of no better. Unfortunately social democrats eventually accepted the necessity of a system based on competition and greed. Michael Harrington formulates the "great social democratic compromise" accurately enough: Social democrats "settled for a situation in which they would regulate and tax capitalism but not challenge it in any fundamental way." (SP&F: 105) But I don't think Harrington fully appreciated the full consequences of the compromise. It is one thing to say: We are committed to democracy above all else. Therefore we promise that as long as a majority of the population does not want to replace capitalism we have no intentions of trying to do so. It is quite another thing to say: Despite our best efforts we have failed to convince a majority of the population that capitalism is fundamentally incompatible with economic justice and democracy. Therefore we will cease to challenge the legitimacy of the capitalist system and confine our efforts to reforming it. The first position is one I believe must guide the movement for equitable cooperation in the century ahead. Unfortunately the second proposition was the compromise accepted by the leadership of social democratic parties, and eventually by all who remained members.

The first proposition does not promise to refrain from voting capitalism out when the majority is ready to do so. Nor does it promise to refrain from taking effective action against capitalists and their supporters should they try to thwart the will of a majority if and when the majority decide they wish to dispense with capitalism in favor of a new system of equitable cooperation. It does not promise to refrain from explaining how private enterprise and markets subvert economic justice and democracy no matter how many believe otherwise. It does not promise to refrain from campaigning in favor of replacing capitalism with something different even when polls indicate that a majority still favors capitalism. It is a simple, unwavering promise to always respect and abide by the will of the majority. The second proposition, on the other hand, bars social democrats from continuing to argue that private enterprise and markets are incompatible with economic justice and democracy. It bars social democrats from campaigning for the replacement of capitalism with a system more compatible with economic justice and democracy. The second proposition implies that if capitalism precludes certain outcomes, then social democrats must cease to lobby on behalf of such outcomes. Therefore the second proposition implies either: (1) social democrats were historically wrong, and economic justice and democracy are fully compatible with capitalism, or (2) while social democrats can continue to fight for some aspects of economic justice and democracy they can no longer support full economic justice and democracy. In effect the second proposition buys political legitimacy within capitalism for social democratic parties in exchange for accepting the legitimacy of a system based on competition and greed. So in my view the problem was not that social democrats fought, often successfully, for reforms to mitigate the effects of competition and greed. The problem was that they ceased to keep fighting for further reforms when their initial reforms fell short of achieving economic justice and democracy because they agreed to accept a system of competition and greed even though the system obstructed the economic justice and democracy they had pledged to fight for.

But eventually the damage went deeper. To his credit Harrington admits that by mid century social democrats he describes as "bewildered and half-exhausted" no longer had any "precise sense of what socialism means" and no longer "challenged capitalism in any fundamental way." By accepting the economics of competition and greed the "social democratic compromise" led social democrats to lose sight of what economic democracy and economic justice are as well.

By the end of the twentieth century social democrats no longer agreed among themselves about what economic democracy meant. Moreover, they no longer debated these disagreements vigorously, preferring not to engage in divisive debates they convinced themselves were irrelevant to the immediate tasks that confronted them. Consequently, many social democrats no longer understood why leaving economic decisions in the hands of private employers who survived the rigors of market competition was not an acceptable way to capture expertise. Many no longer understood why "consumer and producer sovereignty"

provided by markets was not, by and large, sufficient means of securing economic democracy. Many social democrats no longer understood why joint labor-management advisory committees in capitalist firms were usually fig leaves rather than meaningful vehicles for self-management. By century's end, the debate among social democrats over plan versus market was merely a debate about situations where markets were relatively more efficient and circumstances when efficiency required more "planning" in the form of policy interventions of one kind or another in the market system. Why markets violate economic democracy, and how planning by bureaucrats and corporations can obstruct economic self-management for workers and consumers were no longer issues addressed by social democratic parties by the 1980s.

Similarly, by century's end social democrats no longer knew what economic justice was. Were workers exploited only when they were paid less than their marginal revenue products? If who deserves what is to be decided according to the value of contributions, why do owners of machines and land that increase the amount it is possible to produce not deserve compensation commensurate with those contributions? Unable to answer these questions, social democrats increasingly avoided them. Social democratic union leaders fell into the trap of justifying wage demands on the basis of labor productivity. By doing so they lost track of the fundamental Marxist truth that profits are nothing more than tribute extracted by those who own the means of production, but do no work themselves, from those who do all the work. Moreover, having accepted the morality of reward according to the value of contribution, it was a short step to concentrating on winning wage increases for employees with more human capital and abandoning workers with less human capital. According to a contribution based theory of economic justice, who is more exploited is determined by whose wage is farthest below their marginal revenue product. No matter how much lower the wages of some workers are than the wages of other workers, if the difference between the marginal revenue product and wage of high wage workers is greater than the difference between the marginal revenue product and wage of low wage workers, it would be the workers with higher wages, not those with lower wages, who are more exploited. So social democratic leaders could justify abandoning the worst off sectors of the working class and prioritizing the interests of high wage sectors on (false) grounds that workers with higher wages were often "more exploited." Had they remained clear about what economic justice really means -- reward according to effort or sacrifice -- it would also have remained clear that workers with lower wages are not only worse off, they are also more exploited. But losing their moral compass provided a convenient excuse for social democratic union leaders and politicians since those with less human capital are often harder to organize, harder to win wage increases for, harder to collect dues from, harder to solicit campaign contributions from, and harder to motivate to get out and vote. In short, accepting reward according to contribution provided a ready-made excuse for a shift in priorities toward a constituency that could increase social democratic political power within capitalism more easily.

In sum, accepting capitalism in a strategic compromise turned into accepting the ideology that justifies capitalism as well. While the effect of strategic concessions on electoral results was always hotly debated, the effects of theoretical and moral concessions were less debated in social democratic circles. In my opinion, however, it was the theoretical and moral concessions that were primarily responsible for slowing social democratic reform momentum, and finally rendering social democracy powerless to fight back against right wing campaigns that rolled back reforms with remarkable speed and ease at century's end.

The Decline of the Swedish Model: Magnus Ryner introduces his insightful discussion of the crisis of Swedish social democracy as follows:

The overall theme of my argument is that it is important to neither reduce the crisis of social democracy to a set of external constraints totally outside the control of social democratic actors, nor to argue that nothing fundamental in the structural environment has changed, and that the crisis is simply an effect of a betrayal of ideas by social democratic elites. The former approach ignores actual tactical and strategic failures of actors, fails to appreciate alternative options and strategies that might have been pursued and that might provide lessons also for the future. The latter approach ignores the profound structural change that has taken place, and that has redefined the terms of social democratic politics (MR: 40).

Not only is this a realistic and useful way to look at the issue, Ryner provides insightful particulars to flesh out the picture. He remarks that "the transformation of international monetary institutions and global financial markets, the emergence of the Eurodollar and other offshore markets, the flexible exchange rate system, mounting government debt, and the growing asymmetries between creditor and debtor nations has made high finance the

pivotal agent in the allocation of economic resources." (MR: 42) And he fingers the crucial difference between "the 'double screen' of Bretton Woods that ensured the capacity of states to manage aggregate demand and to mitigate market-generated social disruptions" and the neoliberal transformation that "deliberately reshapes state-market boundaries so as to maximize the exposure of states to international capital markets and discipline social actors to conform to market constraints and criteria." (MR: 43-44) As far as I'm concerned Ryner could have dispensed with questionable theories like "Taylorist production norms reaching their sociotechnological frontiers," "the end of Fordism," and "flexible specialization replacing economies of scale" others have written much about in explaining why Sweden's social democrats faced more difficult circumstances at the end of the twentieth century than they had in mid-century. Multinational corporations' success in getting the rules of the international economy rewritten in their favor, and in favor of financial capital in particular, is sufficient to explain why it became more difficult for Swedish unions and the Swedish government to wrestle part of the social surplus away from Swedish and multinational corporations for those who actually produced it. But not only do all social democrats bear some of the blame for permitting the rules of the international economy to be rewritten in ways that were detrimental to the interests of their traditional constituencies, Swedish social democrats played into the hands of Swedish capitalists allowing them to regain their dominant position in the Swedish economy.

Failure to Wage Class War: Ryner tells us "one should not underestimate the sense of weakness in business circles" in 1970 when Swedish capital faced "the profit squeeze, increased employers' contributions to finance social consumption, juridification of the labour process, and an outright challenge to private ownership of the means of production." (MR: 58) But instead of pushing for a new social compromise that won employees greater participation as the Meidner plan called for, and instead of increasing the role of the state in accumulation and investment, Swedish social democrats concentrated on preserving the status quo and their distributive gains in face of a worsening international economic situation. In other words, when they had the chance, Swedish social democrats balked at taking that next reformist step no social democrats ever dared take in the twentieth century, which would also have permanently weakened the power of Swedish capitalists.

What went little noticed at the time was that by frightening Swedish capitalists but leaving them breathing room, the social democrats allowed the Skandinaviska Enskilda Banken/Wallenberg group, who had only reluctantly accepted the social democratic compromise in the first place, to take over the Swedish employers association (SAF) from the Handelsbank group which had supported the "Swedish model." The shift in power became clear to all when "Asea's Curt Nicolin was appointed executive director of the SAF in 1978, an event described as a 'culture shock' by senior officials of the organization." (MR: 59) Under new "hyperliberal leadership" Ryner tells us the SAF "assumed a position of total non-accommodation in the public commission responsible to iron out a compromise on wage earner funds, attempts to overcome difference with the Swedish Labor Confederation (LO) on wage levels and collective savings were abandoned, and by January of 1992 the SAF had unilaterally exited from all corporatist forms of bargaining." (MR: 59) In short, frightened Swedish capitalists embraced new internal leadership willing to battle not only against social democratic programs but social democratic ideology as well. Taking advantage of neoliberal international conditions that strengthened their cause, and a retreat offered by moderate proponents of "the third way" within the Swedish social democratic party, the SAF went on to roll back the "Swedish model" in the late 1990s.

The Third Way: A Trojan Horse: Ryner argues convincingly that despite external shocks to an overly specialized and vulnerable Swedish export sector, and despite the increasingly hostile neoliberal international environment, Swedish social democrats still had options they failed to pursue that could have changed the outcome. Moderate "third way" social democrats called for a retreat in face of more difficult economic and political conditions, while the more progressive wing of the Swedish social democratic party (SAP) called for an expansion of economic democracy. Ryner provides an invaluable description of how "third way" policies paved the road to economic failure and political defeat that all who are attracted to such policies would do well to heed. This lesson is so important I quote Ryner at length:

The economic policy of the SAP 1982-90, coined "the third way" (between Thatcherism and Keynesianism), presupposed that "supply-side" selective labour market policy measures and a coordinated restraint in collective bargaining would be sufficient measures to contain unemployment and inflation. The policy ultimately faltered because long-term GDP and productivity growth were not realized, and the implicit incomes policy failed. A basic fallacy of the policy was the premise that increased private profits and investments would regenerate GDP and productivity growth. Apart from the success of pharmaceuticals, there

was little growth in new dynamic sectors and enterprises. Instead the strategy benefited existing firms, which had a "golden decade" despite the lack-luster performance of Sweden's economy. (60)

The government deregulated capital and money markets in 1985, and this was followed by a formal deregulation of foreign exchange markets in 1989. Moreover, the strategy in managing the public debt changed. Together with a vow not to devalue again, the government declared it would no longer borrow abroad directly to finance the debt or cover balance of payments deficits, but would rather only borrow on the domestic market. This meant that in order to maintain balance of payments, the Swedish interest rate would have to increase to a level where private agents would hold bonds or other debts in Swedish krona, despite the devaluation risk. In other words, the Ministry of Finance and the Central Bank deliberately sought to use global financial markets for disciplinary purposes on unions (LO and TCO) and social service agencies in wage and budget bargaining. The LO and TCO did not consent to their marginalization, and continued to demand support for solidaristic wage policy and did not heed the "moral suasion" of incomes policy since there no longer was a coherent common moral framework. It led to what became known as the "War of the Roses" between the Ministry of Finance on the one hand and the unions and social service cadres on the other. ( MR: 62)

It should be noted that these policy changes were not subjected to debate and approval in any party congresses or in the electoral arena. Only the Central Bank and the Ministry of Finance were effectively involved. Concurrently, just as these policies were implemented, the "third way" was still presented to party ranks and in the electoral arena as a reformist socialist response to the crisis in opposition to neoliberalism. (MR: 63)

These "third way" economic failures Ryner describes so well also led to electoral defeat. "It was in the context of the 'extraordinary measures' of a wage freeze and a temporary ban on strikes that the electoral support of the SAP plummeted to a historical low, ultimately leading to a humiliating electoral defeat in 1991."(MR: 63) But more importantly Ryner explains how "third way" politics led to a rightward shift in the entire Swedish political spectrum.

The SAF began to assume the role of an aspiring hegemonic party, attempting to shape intellectual and popular discourse and the terrain of contestability in civil society in a market friendly direction. Although this strategy has fallen short of realizing a Thatcherite national-popular hegemony in Sweden, it has nevertheless been quite a success. It ensured the defeat of wage earner funds in the electoral arena. More broadly, it has made neoliberal ideas popular in the middle-class strata, which is reflected in the successes of the Moderaterna (the neoconservative party) and the rightward shift of the liberal Folkpartiet on economic issues. The subsequent shift in the substance of academic discourse in economics also took place in the context of strategic business funding of economic research. (MR: 59)

Is "Economic Democracy" Still Possible? Rear guard measures clearly failed to save the Swedish Model, and it should now be apparent to all that "third way" politics functioned as a Trojan horse for the economics of competition and greed inside the walls of the Swedish Social Democratic Party. But was there a viable alternative that could have produced better results? Ryner admits conditions were unfavorable, and there is no way to know for sure. But he goes to great lengths to point out ways in which moving the reform agenda forward -- increasing what Swedish social democrats call "economic democracy" rather than unleashing market forces -- might have had more success.

Ryner argues that continued expansion of social welfare programs that were the hallmark of the Swedish Model in its heyday eventually required increases in productivity. But he points out that the left within the SAP consistently offered proposals aimed at these objectives. In other words, contrary to complaints from neoliberals abroad, Swedish conservatives, and third wayers inside the SAP that the Swedish left was only about redistribution, the LO, social service agency cadre, and their progressive intellectual allies inside the SAP had a coherent program to stimulate productivity, investment, and growth. In other words, they were neither short-sighted nor exclusively about redistribution.

The LO launched an offensive for "industrial democracy" in the early 1970s which led to the Codetermination Act, the Work Environment Act, and Legislation of Employment Protection. But all attempts to build on these beginnings came to naught. In 1976 the LO endorsed the "Meidner Plan" to expand worker participation and gradually give them partial ownership of the firms where they worked. On numerous subsequent occasions the LO proposed ways to increase "collective savings and investment" through excess profit taxes and wage earner funds (The fourth AP fund, the Waldenstrom Report, and the LO wage earner fund proposal

of 1981.) Unfortunately "the LO never managed to convince the rest of the social democratic movement that it was worth the electoral risks to mobilize around the issue." (MR: 57) In their excellent chapter on what they call the Swedish "Middle Way," Charles Sackrey and Geoffrey Schneider describe what reformers hoped would be the effect of wage earner funds: "The funds were intended to be used to buy up shares of companies, so workers could gradually gain a voice in all business decisions. Once labor leaders became owners, they would sit on corporate boards and directly influence corporate decision making. Laborers could then keep firms from moving overseas, or downsizing workers unnecessarily. The funds would also inject Swedish firms with new capital for investment." But of course, this is not the kind of program for investment and growth that Swedish capitalists were interested in. More to the point, advocates of "the third way" in SAP did not buy it. As we saw, they preferred instead to put their faith in private savings and investment, and in market discipline and financial liberalization to promote investment and growth. It is widely acknowledged that increasing participation increases worker productivity. Unfortunately there is no telling to what extent this might have happened in Sweden because it was never tried.

The second plank in an alternative response to the crisis of Swedish social democracy would have been to strengthen government control over credit, rather than loosen it. Gregg Olsen provides a mind-numbing description of the disaster unleashed by "third way" social democrats who succumbed to the croonings of neoliberal financial reformers instead of heeding the warnings of Keynes and the old guard leadership of SAP.

The Swedish credit market was rapidly deregulated throughout the 1980s. By the end of the decade, Sweden's long standing system of controls over foreign investment and exchange and the financial sector were effectively eliminated. Finance houses proliferated during this period, and money flooded into office buildings and real estate. However, the speculative boom ended in short order. The Swedish credit system foundered by the end of 1991, forcing the government to divert tax revenues to bail out several of its major banks at a cost of 3% of GDP.

Along with retaining strong controls over domestic credit, Swedish social democrats would also have had to adopt strong measures to prevent capital flight and prevent international finance from exercising defacto veto power over Swedish social democratic policies. But unlike underdeveloped economies where it is more important to achieve a net inflow of investment, as a highly developed economy Sweden faced the less daunting task of merely preventing a net capital outflow. With sufficient controls on Swedish capital flight, Swedish social democrats could have withstood a virtual boycott by international investors. It is not unreasonable to believe that once having done so, international investors would have eventually reentered profitable Swedish markets on terms acceptable to social democratic governments.

There is no telling if Swedish social democrats could have mobilized enough popular support to sustain an alternative program along these lines. Ryner provides compelling evidence that there was strong support for such policies among workers and beneficiaries of Sweden's social programs. Quoting surveys, Ryner tells us "there is a profound divide between the increasingly neoliberal paradigm of Swedish elites and the continued welfarist 'common sense' of the Swedish people." (MR: 39) So according to Ryner support for a program to deepen "economic democracy" was lacking in the SAP leadership and its economic advisors rather than in the SAP base. Nor is there any way to know if the SAP had mobilized support behind such a program whether international conditions would have permitted Sweden to move from a left Keynesian welfare state toward deeper and more productive "economic democracy." What is now known is that "the third way" was a huge step back toward the economics of competition and greed, and the vast majority of the Swedish people are worse off for it.

### **Libertarian Socialism: Not Always a "Basket Case"**

Libertarian socialists were by far the worst underachievers among twentieth century anti-capitalists. Even so, I count myself a libertarian socialist, and believe "we" have the most to offer those fighting to replace the economics of competition and greed with the economics of equitable cooperation in the century ahead. After 1939 libertarian socialism became almost invisible as a political force on the left for twenty-five years. The eclipse was so complete that most progressives today are unaware that libertarian socialism was ever more than an intellectual footnote on the left -- an early warning against the totalitarian dangers of communism. But this was not always the case. Early in the twentieth century libertarian socialism was as powerful a force as social democracy and communism. The

Libertarian International -- founded at the Congress of Saint-Imier a few days after the split between Marxists and libertarians at the Congress of the Socialist International held in the Hague in 1872 -- competed successfully against social democrats and communists alike for the loyalty of anti-capitalist activists, revolutionaries, workers, unions, and political parties for over fifty years. Libertarian socialists played a major role in the Russian revolutions of 1905 and 1917. Libertarian socialists played a dominant role in the Mexican Revolution of 1911. Libertarian socialists competed with some success against social democrats for influence inside the British Fabian society, later to become the British Labor Party. Before and after World War I libertarian socialists competed against social democrats and communists in Germany, and were more influential than both in the low countries, France, and Italy. In uprisings that failed to overthrow capitalism in Europe in the aftermath of World War I, revolutionaries allied with the Bolsheviks in the new Communist International were more active in Germany, but anarchists allied with the Libertarian International were more influential in rebellions that lasted longer in Italy. And twenty years after World War I was over, libertarian socialists were still strong enough to spearhead the largest and most successful revolution against capitalism to ever take place in any industrial economy -- the social revolution that swept across Republican Spain in 1936 and 1937.

After their defeat in Spain libertarian socialists vanished to all intents and purposes for a quarter century. When libertarian socialist themes reappeared in the 1960s in the new left it took on very different forms and never again resembled the movement that played such an important role in the first third of the century. More recently the vacuum left by the demise of communism and decline of social democracy in the 1990s has given rise to a resurgence of interest in libertarian socialist thought on the left. But if all that comes of this "rethinking" is that tiny anarchist groups replace tiny communist sects on the far left of the political spectrum, little will be accomplished.

Libertarian Socialist Insights: Twentieth century libertarian socialists were right about capitalism. They saw it as a system based on competition and greed, disenfranchising and exploiting producers while manipulating consumers. They objected to capitalism first and foremost on moral grounds and believed in organizing people to overthrow capitalism irrespective of whether or not capitalism contained the seeds of its own destruction. Libertarian socialists were also right about communism, or more properly, Marxism-Leninism and central planning. They believed that communism merely substituted rule by commissars for rule by capitalists, no matter what differences there were between centrally planned, public enterprise economies and private enterprise, market economies. The history of twentieth century capitalism and communism has vindicated libertarian socialists in these regards. However, the lynch pin of all libertarian socialist thinking is the conviction that workers and consumers are quite capable of managing themselves and their own division of labor efficiently and equitably. That, of course, is why libertarian socialists believe people can do very well, not only without capitalist employers to boss them and market competition to drive them, but also without communist overseers and bureaucrats from the central planning ministry to tell them what to produce. I believe libertarian socialists are correct in this belief. But I do not think the intellectual case for how this can be done is as obvious as twentieth century libertarian socialists claimed, or how to do it is as simple and non-problematic as libertarian socialists pretended. On the contrary, I think much more careful thinking needs to be done about exactly how to organize equitable cooperation so that injustice and elite rule do not reappear, and so people do not despair that their time and energies are being wasted. In any case, if history is going to vindicate libertarian socialism regarding the feasibility of economic self-rule by ordinary workers and consumers it will have to be twenty-first century history -- because the history of the twentieth century certainly did not.

What was responsible for the organizational successes of libertarian socialists early in the twentieth century and their singular lack of success in the second half of the century? I think careful investigation by future historians will reveal that behind every success lay decades of agitation and organization building where the message of libertarian socialism resonated strongly with large segments of the population, who, for one reason or another, were largely unaffected by rival messages about what people could and should do. I believe the notion that popular uprisings with real possibilities of consolidating self-rule occur spontaneously will be dispelled by careful historical examination. I also suspect investigation will confirm that the lack of success of libertarian socialists in the second half of the century was largely due to their inability to participate effectively in reform organizing during an era when this was the only way to reach significant numbers of people. The brief analyses below of libertarian socialist successes in building mass movements in Russia and Spain early in the century, compared to later failures, is intended only to outline a prima facie case for this hypothesis. If I say enough to stimulate others to investigate more thoroughly I will consider my meager efforts successful.

Libertarian Socialism in the Russian Revolution: The Narodniki, the Left Social Revolutionary Party, and various anarchist groups had been agitating for land reform and leading the opposition to Czarist tyranny in Russia for more than half a century before these Russian libertarian socialists were politically powerful enough to play a prominent role in the Russian Revolutions of 1905 and 1917. The ideological hegemony of the Czar and the Russian landed aristocracy was in eclipse, and the best efforts of powerful officials like Prime Minister Stolypyn to promote capitalism in the Russian countryside were mostly unsuccessful, as bourgeois ideology made little headway with Russian landlords and peasants alike. Instead, Narodniki and anarchist intellectuals became the teachers of Russian peasants creating countless clandestine and legal organizations over fifty years. The rural "soviets" that formed the spearhead for revolution and land reform in Russia were not the creations of Mensheviks or Bolsheviks -- who were virtually unknown in the Russian countryside prior to 1917 -- but the fruit of decades of organizing by different groups of rural Russian libertarian socialists. Nor did the rural soviets spontaneously appear from the untutored consciousness of the exploited peasant "masses" without organizational precedent. Rural soviets only appeared suddenly and acted decisively because the idea of radical land reform had been nurtured for decades in most Russian villages by Narodniki, anarchists, and cadre from the Left Social Revolutionary Party, and because village committees with battle tested leadership already existed to form the backbone of the rural soviets. The message of rural libertarian socialists resonated strongly with land starved Russian peasants: Eliminate the landed aristocracy -- who do nothing but collect exorbitant rents from peasant tenants already responsible for organizing as well as carrying out production -- so village assemblies can distribute land to the tillers and reclaim the traditional mir as common land to be managed, once again, collectively by the village. In other words, libertarian socialists rooted for generations in the Russian countryside, organized peasants to do exactly what they wanted to do and came to believe they were capable of doing once they eliminated the parasites who prevented them from becoming masters of their fate.

In Russian cities anarchists enjoyed great success even though there was stiffer competition for the loyalty of workers from other anti-capitalist groups. First, the fact that much of Russian industry was foreign owned reduced the appeal of foreign employers to their Russian employees in general. Second, the fact that much of the Russian proletariat was newly arrived from the countryside and maintained ties with their native villages gave anarchists an advantage over Mensheviks and Bolsheviks, since many workers were more familiar and trusting of anarchists to begin with. Finally, anarchists' preference for clandestine, revolutionary factory committees over reformist unions turned out not to work to their disadvantage in recruiting supporters in Czarist Russia. For the most part the Czarist government banned unions and factory committees alike, meeting out the same punishment to activists in both kinds of organization if caught -- assassination, imprisonment, or exile to Siberia. So if anything, the willingness of Mensheviks and Bolsheviks to organize through more reformist organizations like unions where they had to reveal themselves to negotiate with employers worked to their competitive disadvantage and to the advantage of the more secretive anarchists. Anarchist influence among Russian workers was so dominant that when Bolshevik cadre showed up in factories in order not to be ignored they had to preach the same message as the anarchist cadre who were already there: Owners be gone! The factory committee is ready to take over. How it was that Russian anarchists and Left Social Revolutionaries found themselves banned, assassinated, arrested, deported to Siberia, and thoroughly political defeated after building a significant popular following and playing crucial roles in both the February and October Revolutions, is an important question to address. But it is a different story and irrelevant to my purpose here, which is only to explore the basis for the considerable organizational successes of libertarian socialists in Russia prior to 1919.

Libertarian Socialism in the Spanish Revolution: For the same reason we need not explore why Spanish anarchists found themselves on the losing end of revolutionary history after building an even larger following and playing an even greater role in the Spanish Revolution of 1936-1937. Our question is how and why Spanish anarchists were able to build a mass following and establish themselves as a powerful political force in the first place. Just as traditions of grass roots economic self-management like the mir long preceded the arrival of anarchist agitators in Russian villages, there were strong traditions of economic self-management in various parts of Spain dating back to the fifteenth century or earlier. Drawing on primary research by T.F. Glick (*Irrigation and Society in Medieval Valencia*, Harvard University Press, 1970) and A. Maass and R.L. Anderson (*And the Desert Shall Rejoice: Conflict, Growth and Justice in Arid Environments*, R.E. Krieger, 1986) Elnor Ostrom brought the centuries old practice of collective self-management of irrigation systems in Valencia (Turia River), Alicante (Monnegre River), and Murcia and Orihuela (Segura River) to the attention of modern scholars studying democratic self-management of common property resources in *Governing the Commons* (Cambridge University Press, 1990). Reading from

historical accounts of the Spanish Civil war we discover that this region of Spain, the Levant, was one of the hotbeds of rural anarchist collectives. In *The Anarchist Collectives: Workers Self-management in the Spanish Revolution 1936-1939* (Free Life, 1974) Sam Dolgoff quotes Gaston Leval who provided a first-hand study of the collectives:

The regional federation of Levant, organized by our comrades of the CNT, was an agrarian federation embracing 5 provinces with a total population of 1,650,000 at the outbreak of the Civil War, with 78% of the most fertile land in Spain. It is in the Levant where, thanks to the creative spirit of our comrades, the most and best developed collectives were organized. (The number of collectives grew from 340 in 1937 to 900 at the end of 1938, and 40% of the total population of these provinces lived in collectives.) These achievements will not surprise those acquainted with the social history of the region. Since 1870 the libertarian peasants were among the most determined and persistent militants. While at certain times the movement in the cities (particularly Valencia) was altogether suppressed, the movement remained alive in the countryside. The peasants carried on. For them the Revolution was not confined only to fighting on the barricades. For them the Revolution meant taking possession of the land and building libertarian communism. In the Levant, the collectives were almost always organized by the peasant syndicates on the grass roots level. But they remained as autonomous organizations. The syndicates constituted the necessary intermediary connection between the "individualists" and the collectives. Mixed commissions did the purchasing for the collectives as well as for the individual farmers (machines, fertilizers, insecticides, seeds, etc.). They used the same trucks and wagons. This practical demonstration of solidarity brought many formerly recalcitrant "individualists" into the collectives. This method of organization served a double function: it encompassed everything that could be usefully coordinated, and, thanks to the syndicates, succeeded in spreading the spirit of the collectives among new layers of the population rendered receptive to our influence. (Dolgoff: 143-144.)

What Leval describes above is remarkable. The movement was popular and massive, but hardly spontaneous since it had been thoroughly prepared by anarchist agitation and organization building for sixty years. Moreover, thanks to Ostrom we know this libertarian socialist movement that was more than fifty years in the making was itself built on the social achievements of hundreds of years of democratic management of river irrigation systems in the region. The anarchist collectives were voluntary, yet comprised 40% of the population. Relations of solidarity with autonomy between collectives and more reformist, all-inclusive syndicates permitted both efficient economic coordination and friendly political relations between "individualist" and "collectivist" peasants. In other parts of his account Leval tells us that the federation of collectives sponsored large scale improvements to irrigation systems and programs on animal husbandry and plant cross-breeding. The collectives established schools in every village, reducing the rate of illiteracy from 70% to below 10% in a little over two years, and the federation of collectives ran a school for accounting and book keeping in Valencia, as well as the "University of Moncada" which the regional federation of the Levant placed at the disposal of the Spanish National Federation of Peasants. In sum, we have quite a remarkable example of energetic and efficient economic and cultural self-management occurring despite disruptions from the Civil War and suppression from a hostile government of social democrats and communists centered in Valencia. But "remarkable" should not be confused with "spontaneous."

When we look at other regions even more famous for their revolutionary accomplishments like Aragon, Catalonia, and the city of Barcelona, we find a similar pattern: sixty years of libertarian socialist agitation and institution building on top of democratic, collectivist experiences and practices, in some cases dating back centuries. In *The Spanish Labyrinth*, Gerald Brenan -- by no means an anarchist sympathizer -- provides the following description of Port de la Selva in Catalonia before the Civil War based on investigations by J. Langdon Davies and Joaquin Costa:

The village was run by a fishermen's cooperative. They owned the nets, the boats, the curing factory, the store house, the refrigerating plant, all the shops, the transport lorries, the olive groves and the oil refinery, the café, the theater, and the assembly rooms. They had developed the posito, or municipal credit fund possessed by every village in Spain, into an insurance against death, accident, and loss of boats. They coined their own money. What is interesting is to see how naturally these cooperatives have fitted into the Spanish scene. For Port de la Selva is one of the old fishermen's communes of Catalonia which have existed from time immemorial. Here then we have a modern productive cooperative grafted on to an ancient communal organization and functioning perfectly. (Brenan: 227-338)

Far from presuming the masses would spontaneously organize their own self-rule, Spanish

libertarian socialists devoted a great deal of time and energy to discussing exactly how the new society should be reorganized and how and by whom different kinds of decisions should be made. Dolgoff tells us "the intense preoccupation of the Spanish anarchists with libertarian reconstruction of society as been called an 'obsession' and not altogether without reason. At their Saragossa Congress in May, 1936 there were lengthy resolutions on 'The Establishment of Communes, Their Function and Structure,' 'Plan of Economic Organization,' 'Coordination and Exchange,' 'Economic Conception of the Revolution,' 'Federation of Industrial and Agricultural Associations,' 'Art, Culture and Education,' and sessions on relations with non-libertarian individuals and groupings, crime, delinquency, equality of sexes, and individual rights." (Dolgoff: 27) But what is even more telling about the topics taken up at the Saragossa Congress is that the resolutions debated, refined, and approved there had been worked on by every congress of the Spanish section of the Libertarian International beginning in 1870. In other words, policies put into effect by the agrarian collectives and socialized industries during the Spanish Revolution had been debated by tens of thousands of delegates in dozens of major congresses dating back over thirty years.

Moreover, Dolgoff tells us "the resolutions mentioned above were more than just show pieces; they were widely discussed. In a largely illiterate country, tremendous quantities of literature on social revolution were disseminated and read many times over. There were tens of thousands of books, pamphlets and tracts, vast and daring cultural and popular educational experiments (the Ferrer schools) that reached into almost every village and hamlet throughout Spain." (Dolgoff: 27) According to Brenan "by 1918 more than fifty towns in Andalusia alone had libertarian newspapers of their own." (Brenan: 179) And based on statistics derived from Gaston Leval's *Espagne Libertaire*, Dolgoff reports that in Barcelona the CNT published a daily, *Solidaridad Obrera*, with a circulation of 30,000. *Tierra y Libertad* (a magazine) of Barcelona reached a circulation of 20,000; *Vida Obrera* of Giron, *El Productor* of Seville, and *Accion y Cultura* of Saragossa had large circulations. The magazines *La Revista Blanca*, *Tiempos Nuevos*, and *Estudios* reached circulations of 5,000, 15,000, and 75,000 respectively. In Dolgoff's words, "by 1934 the anarchist press blanketed Spain." (Dolgoff: 28)

The revolutionary Barcelona George Orwell made famous in his eye witness account in the first chapter of *Homage to Catalonia* (Beacon Press, 1955) clearly did not appear spontaneously. But not only was the intellectual and organizational groundwork for the Spanish Revolution painstakingly laid over six decades; not only was the anarchist led confederation of labor, the CNT, the oldest and largest organization of workers in Spain with a million and a half members by 1934; the popular impression that revolutionary Spain was inefficient and undisciplined, and that anarchists were sectarian, divisive and bear much of the responsibility for the defeat of the Spanish Republic by Franco's fascist-backed military, is almost entirely unsubstantiated. Noam Chomsky, citing sources friendly and unfriendly to anarchists alike in "Objectivity and Liberal Scholarship," demonstrates that industrial and agricultural production and deliveries were strongest in anarchist areas, and that military courage and discipline of anarchist troops was unparalleled. In case after case Chomsky refutes accusations made at the time by their communist and social democratic rivals that it was anarchists who engaged in sectarian politics, showing that available evidence indicates that exactly the opposite occurred. Chomsky also demonstrates in case after case that the presumption of liberal scholars writing after the fact that the libertarian revolution that swept over much of Spain was dysfunctional was almost entirely lacking in credible evidence.

### **The Demise of Libertarian Socialism**

Libertarian socialism never recovered from its defeat in Spain. After World War II social democrats and communists dominated left politics in Western and third world societies alike for over forty years. Lacking a comprehensive history of libertarian socialism we are at a disadvantage in trying to learn what contributed to its demise in the middle third of the century. No doubt many factors contributed -- not the least of which was that both social democrats and communists achieved state power in various countries allowing them to provide ideological, material, political, diplomatic, and even military aid for allied parties elsewhere, while no libertarian socialist group enjoyed help from any outside source. But what strikes me is that ingredients crucial to libertarian socialist successes early in the century were absent later in the century: (1) Nowhere did they exercise significant influence or enjoy a substantial following in the labor movement, as unions and their federations became dominated by social democrats, communists, or business unionists. (2) Their message that reforms were doomed and worker takeovers were the only answer fell on deaf ears. In the "golden age of capitalism" reformist unions were winning significant wage increases, and takeovers by individual groups of workers from employers fully backed by the power of the state seemed particularly unrealistic and suicidal. (3) As Taylorism deskilled

ordinary workers and concentrated productive knowledge in the hands of supervisory staff, worker self-management became less appealing to industrial workers than to their predecessors with living memories of craft and guild controlled production, and instead had only esoteric appeal to small groups of intellectuals and students. (4) Only where third world national liberation movements came to power did realistic possibilities of organizing non-capitalist economies present themselves, but this invariably occurred where communist influence and the Soviet model held sway. Always unwilling to engage in electoral politics, fixated on organizing workers "at the point of production" but unable to make any headway in convincing them to reject capitalism en toto, libertarian socialists were left with no connections to any significant segment of the body politic. It was not until the rise of the new left in the late 1960s that libertarian socialists were able to do more than provide a left critique of totalitarian socialism -- that was completely drowned out by the conservative critique of communism backed by the full force of the Western intellectual establishment -- and a radical critique of capitalism -- that was at odds with more elaborate Marxist treatments that enjoyed hegemony in anti-capitalist circles.

**The New Left:** The rise of the new left in the 1960s led to a revival of libertarian socialist themes but not libertarian socialism itself. New left activists were largely unaware of their own parentage which had become all but invisible over the previous thirty years. Many new left leaders reinvented libertarian socialist wheels without being aware of their intellectual antecedents. Grassroots democracy, control over one's community and work life, solidarity combined with autonomy, and rejection of materialism became powerful new left themes whose allure may even have been increased by the vagueness and lack of intellectual rigor with which they were expressed.

The popularity of the new left -- of which I am a proud product -- derived from the power of themes that had long been libertarian socialist staples in modern capitalist societies where the gap between the hollow rhetoric of justice and democracy for all and the hard reality of discrimination and oligarchic rule was becoming ever more apparent. The popularity of the new left also derived from the intellectual and moral bankruptcy of both social democratic and communist parties in Western democracies. Blinded by fear of communism, and unwilling to risk their fragile status in the political mainstream of Western societies, social democrats were unreliable allies against imperialism and more likely to exaggerate the accomplishments of Western capitalism than to criticize its systematic failings. Communists in Western societies, on the other hand, were doomed to political oblivion by their betrayal of democracy that manifested itself in the excuses they offered for totalitarian regimes abroad and in their own undemocratic practices. But nowhere did the new left succeed in establishing a coherent intellectual analysis and program. Nowhere did the new left create organizational vehicles to participate successfully in electoral politics. Nowhere did the new left succeed in maintaining the libertarian, anti-materialist cultural revolution that accompanied its emergence in the 1960s. And nowhere did the new left establish a solid and lasting base in any significant segment of the body politic. Instead, most of the relatively privileged participants in the new left drifted back into their original life trajectories in mainstream society, while a minority went on to pursue their radicalism in the mainstream labor movement or in one of the new social movements that grew in the 1970s and 1980s -- the feminist and gay liberation movements, the environmental movement, and solidarity movements associated with particular third world liberation struggles.

**New Social Movements:** While new social movements have each made invaluable contributions, they accelerated the trend begun in the new left away from developing a comprehensive libertarian socialist theory and practice. Progressive activism became more compartmentalized, more practical, and more reform oriented. Theoretical discussion receded further into discussions of "core values" that were often not clearly spelled out, allowing people to conveniently assume they agreed even when phrases like economic justice, economic democracy, and sustainable development meant quite different things to different interpreters. Activists in the 1970s and 1980s with libertarian socialist values did not further develop their theoretical critique of capitalism. Instead, confusion about why capitalism was unacceptable and what was wrong with both mainstream and Marxist analyses of capitalism increased. They did not deepen their understanding of how an economics of equitable cooperation guided by democratic planning rather than markets or central planning could operate. Instead their answers to the question: what do you want instead of capitalism became even more self-contradictory and confused. Finally, most of them did not learn how to throw themselves into reform campaigns without abandoning their anti-capitalism and commitment to economic self-rule. Instead many new leftists leapfrogged right over social democrats they once regarded as stogy and overly cautious, to flaunt the flag of pragmatism they had scorned in their "idealistic youth." Very few retained any commitment to the libertarian socialist "big picture." Most who moved on to work in the

labor movement, the women's movement, the gay rights movement, the environmental movement, or in third world solidarity movements renounced "big picture politics" altogether, and focused instead on writing grants and press releases, fundraising from foundations and through bulk mail solicitations, lobbying local, state, and national officials, running shelters and petition campaigns, contract negotiation, and learning to use the internet to publicize campaigns and create alternative media outlets. Whatever knowledge was required by a particular campaign, whatever skills were needed by the particular organization and social movement one worked in, became the almost exclusive focus of intellectual inquiry. Only a very few former new leftists, usually hidden away along with old left die-hards in left caucuses of organizations in the social movements, continued to adhere to libertarian socialist politics. For the most part the revival of interest in anarchism and libertarian socialism in general that has taken place in the past half dozen years has come from a new generation of young activists, as unfamiliar with the new left as they are with the old left, looking for democratic, fair, and sustainable alternatives to neoliberal, global capitalism.

New social movement activism has more to its credit than reform victories and successful efforts to minimize roll backs -- which are important enough. For one, by brute force, i.e. by building large, lasting movements on a par with the labor movement, as much as through intellectual discourse, they have shattered the hold of economic theories and bankrupt political strategies based on them that handicapped progressive activists for most of the twentieth century. The women's and gay rights movements have revolutionized thinking about gender relations and created a mind set that makes explanations that insist on tracing the roots of gender oppression to economic dynamics unacceptable to a majority of women and gay activists. Failure to treat gender oppression and patriarchy as central to the project of human liberation will never again be tolerated by a large constituency necessary for its achievement. Similarly, the anti-racist movement will no longer accept treating racism as nothing more than a ruling class trick to divide the working class, and will never again limit its goals to demanding only minimal civil rights. The various ways that whole communities who were once conquered or enslaved continue to be oppressed by other communities will have to be dealt with as a central part of social reconstruction rather than as secondary or derivative issues. Nor will the anti-imperialist movement any longer put up with explanations in purely economic terms that ignore the important roles that national chauvinism, jingoism, racism, sexism, authoritarianism, and militarism all play in imperial politics. The environmental movement has wisely conditioned its supporters to always question whether any theoretical framework fully incorporates all the implications of human dependence on the biosphere, and made sure they will never take claims on face value that any economic system can be trusted to preserve and restore the natural environment. The women's, gay, civil rights, peace, and environmental movements are forces to be reckoned with and are here to stay. While the labor movement rightly insists that class exploitation is very much still with us and on the rise, never again will labor or leftist leaders be able to successfully insist that the class struggle must always take precedence over other struggles, or that classes are the only important agents of progressive social change.

The new social movements have created a promising new starting point for social change activism in the twenty-first century. Oppressed communities and genders as well as classes are now recognized as important agents of historical change. Transformations of oppressive community and gender relations as well as economic relations are now accepted as high priority goals. And the need for dramatic rethinking about the very meaning of human progress in light of environmental constraints is now taken for granted by the majority of progressive minded people. Since much of traditional libertarian socialist theory was plagued by economism and lacking in environmental awareness, the theoretical analyses by those active in new social movements provide a welcome theoretical corrective. Since libertarian socialist practice focused almost exclusively on class issues, the existence of multiple social movements provides a corrective social environment as well.

I have suggested that in large part because of their hostility to reformist organizations libertarian socialists in the middle of the twentieth century became isolated from large movements fighting against their oppressors. Moreover, their insistence that little could be accomplished until capitalism was overthrown despite the fact that sensible people came to realize that capitalism was going to be with us for quite some time, only served to keep them isolated. New social movements have spread awareness that there is always much to be accomplished in different spheres of social life, and that no single revolutionary break is going to be the be-all and end-all for those working for social reconstruction. Hopefully the power of the new social movements will help libertarian socialists to see this as well, and having learned that the forces shaping history are different in important ways from what they long believed, libertarian socialists will adjust their strategy and practice accordingly. If

not, I think libertarian socialists will ignore the lessons new social movements teach at their own peril.

Libertarian Socialists and Capitalist Reform: I suspect that twentieth century libertarian socialists were always too "purist" and reluctant to enter into reform campaigns. I suspect they were always too quick to assume that reformist unions and cooperatives were largely ineffectual. They tended to believe electoral politics was pointless because capitalists would never tolerate interference in their control over government policy. They tended to believe that lobbying the government for policy reforms favorable to workers was useless since the state was the executive committee of the capitalist class. And they feared that failing to overthrow capitalism, you only mislead workers into thinking things can get better. But one of the great lessons of the twentieth century is there is considerable room for maneuver within capitalism, and that reforms can make a great deal of difference in how the majority fares. So it turns out that twentieth century libertarian socialists greatly underestimated the possibility of improvement through reform. Moreover, I suspect that libertarian socialists who did participate in reform campaigns often did so less than wholeheartedly because they were convinced that little could be accomplished. Armed with a ready made theoretical explanation for the failure of reforms, libertarian socialists were programmed to give up too easily and I suspect they often abandoned campaigns prematurely. I suspect their negative attitude about reform work also put them at a competitive disadvantage in leadership battles within reform organizations vis a vis their social democratic rivals who arrived with unshakable faith that meaningful reforms were possible and a sneaking suspicion that anything beyond reform was a pipe dream.

While always a handicap, I believe early in the century libertarian socialists sometimes got away with their misguided policy on reforms within capitalism for peculiar historical reasons. I suspect they were able to build large mass organizations of their own because sometimes there were no alternative reform organizations for people to choose from. When this happened, libertarian socialists could become the dominant ideological force within large organizations, as we saw in both pre-Revolutionary Russia and Spain. Libertarian socialists did not consider these to be reformist organizations because they were led by dedicated revolutionaries, namely themselves, and because they were staunchly anti-capitalist, since their memberships routinely approved anti-capitalist resolutions introduced by the libertarian socialist leadership. But I believe these organizations attracted large numbers of members because they met crucial needs within capitalism no other organizations addressed. In this respect the organizations were reform organizations, they were just hard to recognize as such because they routinely rubber stamped revolutionary proclamations. In other words, my hypothesis is this: Libertarian socialists early in the century owed their successes in large part to their wholehearted participation in reform campaigns and organizations. They were able to trick themselves into doing effective reform work because these campaigns and organizations took on revolutionary trappings that were largely irrelevant to the majority of participants they attracted, but which allowed libertarian socialists to participate without violating their ideological pledge to eschew the politics of reform. As a result, early in the century libertarian socialists were often able to reach large numbers of people and participate in enduring, mass organizations despite their official policy of boycotting organizations dedicated solely to achieving reforms within capitalism. But by mid century a plethora of reform organizations and campaigns had filled this vacuum, at least in most advanced democratic capitalist economies, and that is where large numbers of people struggling to improve their lives through collective action have been found ever since. Consequently, ever since World War II libertarian socialists' long-time policy of turning up their noses at reform work has doomed them to isolation.

Beside the mistaken belief that meaningful reforms within capitalism were impossible, other factors influenced libertarian socialists to shy away from reform organizing. Many fell victim to false theories of capitalist crisis. If capitalist development was inevitably killing the goose that laid the golden eggs by substituting capital, i.e. dead labor, for living labor, when profits in the long run come only from exploiting living labor, then capitalism could be relied on to dig its own grave. If by keeping wages depressed capitalists witlessly created crises of over production leading to ever more severe depressions, what was the point in fighting for higher wages or lobbying governments to stimulate demand through expansionary fiscal and monetary policies? Believing in misguided theories of capitalist crisis such as these led some libertarian socialists to conclude it was better to concentrate on criticizing the immorality of profit income altogether and agitate for an uprising to replace capitalism with a libertarian socialist economy when the next crisis arrived. But faith in false theories of capitalist crisis proved debilitating for two reasons. Most obviously, strategy premised on crises that do not occur is like waiting for Godot, and unlikely to prove effective. Secondly, people don't appreciate those who give them up for dead and fail to extend a helping hand. If my misery

can be even slightly alleviated, I will judge those around me according to how hard and effectively they work to do so. The idea that bystanders are waiting for me to be further abused, even hoping I might be if this stimulates me to revolt, is hardly ingratiating.

I think libertarian socialists were also loath to dirty their hands in reform campaigns and participate in institutions like unions and legislatures because they considered them to be breeding grounds where anti-capitalists eventually betray the cause. In this regard they were not wrong. The anti-capitalist movement has long suffered from a steady hemorrhage of former members who are worn down and corrupted by the roles they played in various reform institutions and who eventually "sell out." But the question is how libertarian socialists should respond to this very real danger. Unfortunately they usually decided to avoid becoming corrupted by not participating in reform campaigns and organizations. Why risk being corrupted like the social democrats by becoming union officials or elected politicians? Better to stay intellectually pure and committed to the libertarian socialist vision of a wholly new economy while waiting for capitalism to crumble. Libertarian socialists' main task would then become to prevent authoritarian socialist groups from seizing and fortifying the state to fill the vacuum created by the collapse of capitalism and capitalist class rule. Many libertarian socialists convinced themselves that if the danger of usurpation by a self-appointed vanguard could be avoided, with minimal encouragement workers and citizens would quickly learn how to manage their own economic and political affairs free, at last, from authoritarian power of all kinds. But of course, none of this proved to be true.

The Myth of Non-Reformist Reforms: What many libertarian socialists failed to realize was that any transition to a democratic and equitable economy has no choice but to pass through reform campaigns, organizations, and institutions however tainted and corrupting they may be. The new left tried to exorcise the dilemma that reform work is necessary but corrupting with the concept of non-reformist reforms. According to this theory social democrats erred in embracing reformist reforms while early libertarian socialists erred in rejecting reforms altogether. According to new left theorists the solution was for activists to work on non-reformist reforms, i.e. reforms that improved people's lives while undermining the material, social, or ideological underpinnings of the capitalist system. There is nothing wrong with the notion of winning reforms while undermining capitalism. As a matter of fact, that is a concise description of precisely what we should be about! What was misleading was the notion that there are particular reforms that are like silver bullets and accomplish this because of something special about the nature of those reforms themselves.

There is no such thing as a non-reformist reform. Social democrats and libertarian socialists did not err because they somehow failed to find and campaign for this miraculous kind of reform. Nor would new leftists prove successful where others had failed because new leftists found a special kind of reform different from those social democrats pursued and libertarian socialists rejected. Some reforms improve peoples lives more, and some less. Some reforms are easier to win, and some are harder to win. Some reforms are easier to defend, and some are less so. And of course, different reforms benefit different groups of people. Those are ways reforms, themselves, differ. On the other hand, there are also crucial differences in how reforms are fought for. Reforms can be fought for by reformers preaching the virtues of capitalism. Or reforms can be fought for by anti-capitalists pointing out that only by replacing capitalism will it be possible to fully achieve what reformers want. Reforms can be fought for while leaving institutions of repression intact. Or a reform struggle can at least weaken repressive institutions, if not destroy them. Reforms can be fought for by hierarchical organizations that reinforce authoritarian, racist, and sexist dynamics and thereby weaken the overall movement for progressive change. Or reforms can be fought for by democratic organizations that uproot counter productive patterns of behavior and empower people to become masters and mistresses of their fates. Reforms can be fought for in ways that leave no new organizations or institutions in their aftermath. Or reforms can be fought for in ways that create new organizations and institutions that fortify progressive forces in the next battle. Reforms can be fought for through alliances that obstruct possibilities for further gains. Or the alliances forged to win a reform can establish the basis for winning more reforms. Reforms can be fought for in ways that provide tempting possibilities for participants, and particularly leaders, to take unfair personal advantage of group success. Or they can be fought for in ways that minimize the likelihood of corrupting influences. Finally, reform organizing can be the entire program of organizations and movements. Or, recognizing that reform organizing within capitalism is prone to weaken the personal and political resolve of participants to pursue a full system of equitable cooperation, reform work can be combined with other kinds of activities, programs, and institutions that rejuvenate the battle weary and prevent burn out and sell out.

In sum, any reform can be fought for in ways that diminish the chances of further gains and

limit progressive change in other areas, or fought for in ways that make further progress more likely and facilitate other progressive changes as well. But if reforms are successful they will make capitalism less harmful to some extent. There is no way around this, and even if there were such a thing as a non-reformist reform, it would not change this fact. However, the fact that every reform success makes capitalism less harmful does not mean successful reforms necessarily prolong the life of capitalism -- although it might, and this is something anti-capitalists must simply learn to accept. But if winning a reform further empowers the reformers, and whets their appetite for more democracy, more economic justice, and more environmental protection than capitalism can provide, it can hasten the fall of capitalism.

In any case, it turns out we are a more cautious and social species than twentieth century libertarian socialists realized. And it turns out that capitalism is far more resilient than libertarian socialists expected. More than a half century of libertarian socialist failures belie the myth that it is possible for social revolutionaries committed to democracy to eschew reform work without becoming socially isolated. Avoidance of participation in reform work is simply not a viable option and only guarantees defeat for any who opt out. Moreover, no miraculous non-reformist reform is going to come riding to our rescue. Though most twentieth century libertarian socialists failed to realize it, their only hope was to throw themselves wholeheartedly into reform struggles while searching for ways to minimize the corrupting pressures that inevitably are brought to bear on their members as a result. While admittedly a caricature, the image of libertarian socialists in the latter part of the last century shunning "tainted" reform organizations and campaigns to knock only on working class strangers' doors seeking to enlist them directly into "the anti-capitalist revolution" gives an idea of how I think they went wrong on this crucial issue.

The Myth of Spontaneous Revolt: After World War II some libertarian socialists lapsed into a naïve belief in spontaneous anti-capitalist revolts, and an unwarranted faith that once having risen, workers would quickly leap frog to smoothly functioning systems of equitable cooperation. If I am correct, this was very much at odds with their own historical experience earlier in the century where decades of successful agitating and organizing on a mass scale invariably proved necessary. Nonetheless, isolated libertarian socialists in mid-century sometimes convinced themselves that exemplary actions on their part could lead "the masses" to reject the cautionary advice of corrupt officials in reformist organizations, and spark a spontaneous worker uprising to replace capitalism with libertarian socialism. However, there is a world of difference between believing that capitalism is dysfunctional and that ordinary people can figure this out, and believing people will spontaneously decide they want to replace capitalism stimulated by agitation and "exemplary action" alone. There is also a world of difference between believing a majoritarian movement can overthrow capitalism, and believing such a movement will suddenly arise like a phoenix without the aid of a myriad of imperfect social institutions through which millions of people have struggled for decade after decade to better their lives. And there is a world of difference between believing that workers and consumers can coordinate their economic endeavors equitably and efficiently, and believing participation in the economics of competition and greed under capitalism will prepare them to do so. Finally, it is one thing to think workers and consumers can engage in participatory planning and self-management, and quite another to believe they can do so without prior deliberation over appropriate procedures, and without a great deal of practical experience in economic self-governance. Libertarian socialists in the latter part of the twentieth century all too often confused these differences.

Finally, libertarian socialists were misled by the myth that the grinding of the gears of capitalism would generate revolutionary consciousness in the working class. They underestimated the extent to which capitalism instead teaches people to accept the desirability and inevitability of the economics of competition and greed. Unfortunately capitalism does not nurture the seeds of its own replacement in the way twentieth century libertarian socialists hoped it would. Instead capitalism fosters commercial values, teaches people they are incapable of behaving except out of greed or fear, and teaches that only market competition can harness human egotism to socially useful purposes. Capitalism teaches people to accommodate and make their peace with capitalism because it is inevitable. In the later part of the twentieth century libertarian socialists ignored this feature of capitalism to their detriment. Unlike their predecessors early in the century, they underestimated the importance of creating practical examples of equitable cooperation no matter how imperfect and impermanent. They forgot it was necessary to create institutions for workers that served as "schools" to teach the habits of equitable cooperation, and failed to realize the longer capitalism endures the more important this task becomes. They did not understand that beside dispelling myths about capitalism's supposed virtues and criticizing its commercial values, they had to create opportunities for people to learn and practice

efficient, democratic and cooperative behavior patterns in accord with human values, precisely because this kind of behavior and these values are not rewarded by market competition. As pre-capitalist cultures of cooperation like the Russian mir and Spanish common property irrigation systems receded in the collective memory, new cultures of cooperation swimming against the capitalist tide became more, not less important, to create and nurture.

### **What To Avoid**

We need look no further than to the history of twentieth century social democracy to see how fighting for reforms can make a movement reformist. Social democrats began the twentieth century determined to replace capitalism with socialism -- which they understood to be a system of equitable cooperation based on democratic planning by workers, consumers, and citizens. Long before the century was over social democratic parties and movements throughout the world had renounced the necessity of replacing private enterprise and markets with fundamentally different economic institutions, and pledged themselves only to pursue reforms geared toward making a system based on competition and greed which they accepted as inevitable more humane. As a result social democrats were doomed to grapple with two dilemmas: (1) What to do when leaving the system intact makes it impossible to further promote economic justice and democracy, much less environmental sustainability. (2) What to do when further reforms destabilize a system one has agreed to accept while the system constantly threatens to undermine hard won gains. Social democrats struggled unsuccessfully with these dilemmas, all too often abandoning important components of economic justice and democracy and denouncing political tendencies to their left whose programs they considered politically or economically destabilizing.

We need look no further than to the history of twentieth century libertarian socialism to see how failing to embrace reform struggles can isolate a movement and make it irrelevant. The principle failure of libertarian socialists during the twentieth century was their inability to understand the necessity and importance of reform organizing. When it turned out that anti-capitalist uprisings were few and far between, and libertarian socialists proved incapable of sustaining the few that did occur early in the twentieth century, their reticence to throw themselves into reform campaigns, and ineptness when they did, doomed libertarian socialists to more than a half century of decline after their devastating defeat during the Spanish Civil War of 1936-1939. What too many libertarian socialists failed to realize was that any transition to a democratic and equitable economy has no choice but to pass through reform campaigns, organizations, and institutions however tainted and corrupting they may be.

### **Combine Reform Work with Experiments in Equitable Cooperation**

If the answer does not lie in finding a special kind of reform, how are we to prevent reform work from weakening our rejection of capitalism and sabotaging our efforts to eventually replace it with a system of equitable cooperation? Beside working for reforms in ways that lead to demands for further progress, and besides working in ways that strengthen progressive movements and progressive voices within movements, I believe the answer lies in combining reform work with building what I call imperfect experiments in equitable cooperation.

Before we will be able to replace competition and greed with equitable cooperation, before we can replace private enterprise and markets with worker and consumer councils and participatory planning, we will have to devise intermediate means to prevent backsliding and regenerate forward momentum. For the foreseeable future most of this must be done by combining reform work with work to establish and expand imperfect experiments in equitable cooperation. Both kinds of work are necessary. Neither strategy is effective by itself.

Reforms alone cannot achieve equitable cooperation because as long as the institutions of private enterprise and markets are left in place to reinforce anti-social behavior based on greed and fear, progress toward equitable cooperation will be limited, and the danger of retrogression will be ever present. Moreover, reform campaigns undermine their leaders' commitment to full economic justice and democracy in a number of ways, and do little to demonstrate that equitable cooperation is possible, or establish new norms and expectations. On the other hand, concentrating exclusively on organizing alternative economic institutions within capitalist economies also cannot be successful. First and foremost, exclusive focus on building alternatives to capitalism is too isolating. Until the non-capitalist sector is large, the

livelihoods of most people will depend on winning reforms in the capitalist sector, and therefore that is where most people will become engaged. But concentrating exclusively on experiments in equitable cooperation will also not work because the rules of capitalism put alternative institutions at a disadvantage compared to capitalist firms they must compete against, and because market forces drive non-capitalist institutions to abandon cooperative principles. Unlike liberated territories in third-world countries, in the advanced economies we will have to build our experiments in equitable cooperation inside our capitalist economies. So our experiments will always be fully exposed to competitive pressures and the culture of capitalism. Maintaining cooperative principles in alternative experiments under these conditions requires high levels of political commitment, which it is reasonable to expect from activists committed to building "a new world," but not reasonable to expect from everyone. Therefore, concentrating exclusively on reforms, and focusing only on building alternatives within capitalism are both roads that lead to dead ends. Only in combination will reform campaigns and imperfect experiments in equitable cooperation successfully challenge the economics of competition and greed in the decades ahead.

Since both reform work and building alternatives within capitalism are necessary, neither is inherently more crucial nor strategic than the other. Campaigns to reform capitalism and building alternative institutions within capitalism are both integral parts of a successful strategy to accomplish in this century what we failed to accomplish in the past century -- namely, making this century capitalism's last! Unfortunately, saying we need stronger reform movements and stronger experiments in equitable cooperation does not do justice to the magnitude of the tasks. Particularly in the United States, we are going to need a lot more of both before we even reach a point where an odds maker would bother to give odds on our chances of success. While capitalism spins effective enabling myths to spell bind its victims, the left has too often spun consoling myths about mysterious forces that cause capitalist crises that will come to our rescue even if our organizational and political power remains pathetically weak. There is no substitute for strong organizations and political power, and there are no easy ways to build either. Over the next two decades most of the heavy lifting will have to be done inside various progressive reform movements because that is where the victims of capitalism will be found, and that's where they have every right to expect us to be working our butts off to make capitalism less destructive. But even now it is crucial to build living experiments in equitable cooperation to prove to ourselves as well as to others that equitable cooperation is possible. Expanding and integrating experiments in equitable cooperation to offer opportunities to more and more people whose experiences in reform movements convince them they want to live by cooperative not competitive principles will become ever more important as time goes on.

### **Reform Campaigns and Reform Movements**

So, unless anti-capitalists throw themselves heart and soul into reform movements we will continue to be marginalized. At least for the foreseeable future most victims of capitalism will seek redress through various reform campaigns fighting to ameliorate the damage capitalism causes, and these victims have every right to consider us AWOL if we do not work to make reform campaigns as successful as possible. Moreover, we must work enthusiastically in reform movements knowing full well that we will usually not rise to leadership positions in these movements because our beliefs will not be supported by a majority of those who are attracted to these movements for many years to come. Working in reform campaigns and reform movements means working with others who still accept capitalism. Most who are initially attracted to reform campaigns will be neither anti-capitalist nor advocates of replacing capitalism with a wholly new system of equitable cooperation. And most of the leadership of reform campaigns and movements will be even more likely to defend capitalism as a system, and argue that correcting a particular abuse is all that is required. But we must never allow others to decide how we work in reform movements, or permit others to dictate our politics. We do know something most others at this point do not -- that capitalism must eventually be replaced altogether with a system of equitable cooperation.

Taming Finance: Because the financial sector is particularly dysfunctional due to so-called neoliberal "reforms" pushed through over the past two decades by the financial sector and sympathetic politicians in both the Republican and Democratic parties -- with an assist from mainstream economists -- there is a very large margin for improvement in the performance of both the domestic and international financial sectors. Anti-reforms like the repeal of the Glass-Steagall regulatory system in the US in 1999 and various measures that go under the label of international capital liberalization orchestrated by the US Department of the Treasury and the IMF, have eliminated minimal protections and safeguards imposed by legislation and international practices dating back to the New Deal and the Bretton Woods Conference. Not since the roaring twenties have national economies and the global economy been as subject

to the destructive effects of financial bubbles and crashes as we are today. Consequently, there is a great deal that can be accomplished to improve the lives of capitalism's victims through financial reform, both domestic and international. Moreover, many of these reforms are not a radical departure from past policies.

While reforms that should be relatively easy to sell can make substantial improvements, unfortunately campaigns for financial reform are particularly difficult for popular progressive forces to work in effectively. Unlike "peace, not war," financial reform is more technically complicated, and therefore harder to educate and mobilize ordinary citizens around. Unlike campaigns against polluters that can often be fought locally, to a great extent financial reform must proceed at the national and international levels through organizations and coalitions that are many steps removed from local constituencies and invariably led by people who are no friends of the economics of equitable cooperation. These are important liabilities to bear in mind for groups deciding whether or not to prioritize this kind of reform work. There are some exceptions. Anti-red lining and community reinvestment campaigns can be fought at the local level. The Financial Markets Center even has a campaign to increase the influence of ordinary citizens over monetary policy by exploiting provisions in the enabling act that created the Federal Reserve Bank for representation of community groups on local boards of the Federal Reserve Bank. But unfortunately, taming domestic and international finance is largely an activity that will appear esoteric and distant to most citizen activists, as much as it affords attractive opportunities to point out how badly the capitalist financial sector miss serve the ordinary public.

**Full Employment Macro Policies:** There is no reason aggregate demand cannot be managed through fiscal and monetary policies to keep actual production close to potential GDP and cyclical unemployment to a minimum. And forcing governments to engage in effective stabilization policies not only makes the economy more efficient, but strengthens the broad movement struggling for equitable cooperation in other ways as well.

Wage increases and improvements in working conditions are easier to win in a full employment economy. Affirmative action programs designed to redress racial and gender discrimination are easier to win when the economic pie is growing rather than stagnant or shrinking. Union organizing drives are more likely to be successful when labor markets are tight than when unemployment rates are high. The reason privileged sectors in capitalism obstruct efforts to pursue full employment macro policies -- it diminishes their bargaining power -- is precisely the reason those fighting for equitable cooperation should campaign for it. For all these reasons it is crucial to win reforms that move us even closer to "full employment capitalism" than the Scandinavians achieved during the 1960s and 1970s. But it is important not to overestimate what this will accomplish. Even if everyone had a job, they would not have a job they could support a family on, much less one that paid them fairly for their sacrifices. Low wage jobs flipping burgers at MacDonaldis is a poor substitute for better paid jobs producing farm machinery. Even if everyone had a job, they would not have personally rewarding, socially useful work since most jobs in capitalism are more personally distasteful than necessary, and much work in capitalism is socially useless. Jobs in telemarketing or temp services without benefits are poor substitutes for jobs with benefits teaching reasonably sized classes or cleaning up polluted rivers. A full employment economy through military Keynesianism and tax cuts for the wealthy is hardly the kind of full employment program progressives should support.

So when we fight for full employment stabilization policies we should never forget to point out that what every citizen deserves is a socially useful job with fair compensation. We should never tire of pointing out that while capitalism is incapable of delivering on this, it is just as possible as it is sensible. We must also work to expand opportunities for socially useful, self-managed work for which people are compensated fairly by increasing the number of jobs in worker owned and managed cooperatives so more and more people have an alternative to working for capitalists.

**Tax Reform:** Progressive taxes, i.e. taxes that require those with higher income or wealth to pay a higher percentage of their income or wealth in taxes, can reduce income and wealth inequality. There are a number of organizations with tax reform proposals that would replace regressive taxes with more progressive ones and make progressive taxes even more progressive. Citizens for Tax Justice ([www.ctj.org](http://www.ctj.org)) and United for a Fair Economy ([www.ufenet.org](http://www.ufenet.org)) not only provide useful critiques of right wing tax initiatives, but present excellent progressive alternatives for tax reform as well. Unfortunately, we have been "progressing" rapidly in reverse in the United States over the past twenty-five years as the wealthy have used their growing influence with politicians they fund to shift the tax burden off themselves, where it belongs, onto the less fortunate, where it does not.

Beside making the tax system more progressive, we need to tax bad behavior not good behavior. Efficiency requires taxing pollution emissions an amount equal to the damage suffered by the victims of the pollution. Moreover, if governments did this they would raise a great deal of revenue. But even if the tax is collected from the firms who pollute, the cost of the tax will be distributed between the firms who pollute and the consumers of the products they produce. Studies of pollution tax incidence -- who ultimately bears what part of a tax on pollution -- have concluded that lower income people would bear a great deal of the burden of many pollution, or "green taxes." In other words, many pollution taxes would be highly regressive and therefore aggravate economic injustice. On the other hand, the federal, state, and local governments in the US already collect many taxes that are even more regressive than pollution taxes would be. In 1998 highly regressive social security taxes were the second greatest source of US federal tax revenues, responsible for more than a third of all federal revenues. If every dollar collected in new federal pollution taxes were paired with a dollar reduction in social security taxes we would substitute taxes on "bad behavior" -- pollution -- for taxes on "good behavior" -- productive work -- and make the federal tax system more progressive as well. At the state and local level there are even more regressive taxes to choose from that could be replaced with state and local green taxes making state and local taxes less regressive than the are currently. Redefining Progress ([www.redefiningprogress.org](http://www.redefiningprogress.org)) is one organization promoting sensible proposals for combining green taxes with reductions in more regressive taxes to achieve "accurate prices" that reflect environmental costs while making the tax system more, not less fair.

Living Wages: Contrary to popular opinion, raising the minimum wage not only promotes economic justice but makes the economy more efficient in the long run as well. In other words, it is good economics in every sense. Similarly, living wage campaigns in a number of American cities have been important initiatives to make US capitalism more equitable and efficient over the past ten years. Particularly where unions are weak and represent a small fraction of the labor force, minimum and living wage programs are important programs to steer capitalism toward the high road to growth.

As of June 2004 the number of cities that had passed living wage ordinances had risen to 121 and included New York, Los Angeles, Chicago, Boston, Baltimore, Detroit, Denver, Minneapolis, St. Paul, Buffalo, Pittsburg, Cleveland, St. Louis, and Miami. The Living Wage Resource Center posts up-to-date information on the status of living wage campaigns on their web site: [www.livingwagecampaign.org](http://www.livingwagecampaign.org). United Students Against Sweatshops has made available on their web site, [www.usasnet.org](http://www.usasnet.org), data on a number of campus living wage campaigns in which they were involved, including campaigns at the University of California at San Diego, Valdosta State University in Georgia, Stanford University, Swarthmore College, and the University of Tennessee at Knoxville. As union power has diminished in the United States, living wage campaigns have become increasingly important ways for progressive communities to protect their working members against declining living standards.

Single-Payer Health Care: The US health care system is in shambles. From both a medical and financial perspective it has been a mushrooming disaster for well over two decades. In all reform campaigns there is always tension between those who want to hold out for more far reaching, significant changes and those who preach the practical necessity of a more incrementalist approach. Usually the debate reduces to how much better a far reaching solution is compared to how much more likely incremental changes are to be won. The struggle for health care reform in the United States over the past two decades is a rare case where the incremental approach is actually less practical than fighting for significant reform because there is simply no way to extend adequate coverage to all and control escalating costs through the private insurance industry. Other than expanding Medicare coverage -- for example, to cover those between 55 and 64 years old -- there is no way to even begin to set things right until we have universal coverage and single payer health insurance in place. At the national level HR676, the Expanded and Improved Medicare for All Bill, introduced by Congressman John Conyers Jr. in 2003, is clearly the reform worth working for.

Only a single-payer, government insurance program can provide universal coverage while containing costs by eliminated the considerable administrative expenses of private insurance "cherry picking." Only a single-payer program can eliminate the paper work and confusion associated with administering multiple insurance plans -- all of which are worse deals than provided through single-payer systems in every other industrialized country in the world. A single-payer system is best suited to use monopsony power to control drug prices and hospital fees. And only a system separated from the workplace and employers' choices about providing insurance can end the strife caused when some companies in an industry who do provide healthcare benefits to their employees must compete against other companies who do not. The fact is that providing health care through private insurance and managed care

organizations for profit is so inefficient that incremental reforms that leave those institutions in control of the health care system simply cannot succeed. Instead, there is a much better deal for health care recipients, health care professionals, taxpayers, and the business community as a whole -- single-payer, government insurance.

While there is a great deal to discuss about how best to run a health care system so it is effective, fair, responsive and efficient, there is no way a system in the hands of insurers and managed care organizations trying to maximize profits in a market environment is going to deliver anything other than the mess we have -- forty-three million uninsured Americans and counting, along with spiraling costs bankrupting families and businesses alike. In this reform struggle settling for anything less than universal, single-payer coverage is not only immoral, it is impractical as well. Once coverage is complete and a single-payer is controlling costs, progressives can move on to what we do best -- make suggestions about how to make health care services more user friendly and equitable through regulation of private providers and democratization of public providers -- until a fully public, patient-friendly, well-care system is finally achieved.

**Community Development Initiatives:** When employers, banks and developers withdraw from areas they consider less profitable than other alternatives, abandoned communities are left without jobs, adequate housing, or a tax base sufficient to provide basic social services. According to the logic of capitalism, when this occurs people should not waste time whining about their fates, but get with the program and move to where the action is. Capitalism tells people they should abandon the neighborhoods they grew up in before they are blighted and move to the suburbs. Capitalism tells people to leave their family and community roots in the "rust belt" and migrate to the "sun belt." According to the logic of capitalism any who fail to move in time are losers and deserve what they get. Community development initiatives are testimony to peoples' unwillingness or inability to follow capitalism's advice.

Many poverty stricken areas in the United States still have community economic development projects. Many others have had community development programs cut back or abandoned. Community development corporations (CDCs), community development banks (CDBs), and community land trusts (CLTs) can all be useful parts of reform efforts to revitalize blighted urban neighborhoods and combat urban unemployment, and should be revived and expanded. These projects also afford excellent opportunities for collaboration between economic reformers and organizations fighting against racism and for minority control over their own communities. Whenever the private economy fails to provide some useful good or service we should demand that the government step in to rectify matters. So when the financial sector fails to provide credit on reasonable terms for rebuilding poor neighborhoods in our cities, we should call for both regulation and intervention. We should insist that the government prevent redlining and require adequate reinvestment of savings from poor communities back into those communities by private banks. But we should also call on the government to create public, or semi-public financial institutions whose mandate is to finance renovation of deteriorated housing stock in city ghettos and help local businesses provide employment opportunities. Particularly when the boards of community development corporations and banks are dominated by strong community organizations, they are a better way to tackle market failures that create and maintain urban ghettos than free enterprise zones which buy little development at the cost of large tax breaks for businesses while weakening existing community organizations.

Community development projects reject the Faustian choice between economic abandonment and gentrification by trying instead to catalyze redevelopment that benefits current residents. Community development projects do this either by changing incentives to re-attract capitalist activity or by substituting non-capitalist means of employment and housing for the capitalist activity that departed. Community development initiatives that emphasize the latter course are important areas where people are busy meeting needs capitalism leaves unfulfilled. Community land trusts (CLTs) can play an important role in breaking several destructive aspects of capitalist housing markets. Over a hundred CLTs have been formed in communities in the USA in response to disinvestment and gentrification. The CLT acquires land for community use and takes it permanently off the market. A CLT may rehab existing buildings, build new houses or apartment buildings, or use the land in any other way the community wishes. Residents may own the buildings, but the CLT retains ownership of the land.

More institutional space exists in existing community development projects than progressives presently make good use of. When working in these projects progressives need to reaffirm the right of people to remain in historical communities of their choice, irrespective of the logic of profitability. We need to point out the inefficiency and waste inherent in abandoning

perfectly good economic and social infrastructure in existing communities to build socially costly and environmentally damaging new infrastructure in new communities elsewhere. We need to point out the socially destructive effects of speculative real estate bubbles. We need to press for strategies based on non-capitalist employment and housing since this provides more worker, resident, and community security and control than relying on newly courted private capital. And where non-capitalist institutions are not possible or insufficient, progressives should work to maximize community control over employers and developers who benefit from incentives offered by community development initiatives.

**Anti-sprawl Initiatives:** The flip side of capitalist abandonment of poor, inner city neighborhoods, is environmentally destructive growth, or "sprawl" in outlying areas. But while it is more profitable for developers to spread new homes for upper and middle class families indiscriminately over farm land, this is not what is best for either people or the environment. It is an environmental disaster because it needlessly replaces more green space with concrete and asphalt than necessary. It is a fiscal disaster because for every new dollar in local taxes collected from new residents, because they are spread over a large area lacking in existing services, it costs local governments roughly a dollar and a half to provide new residents with the streets, schools, libraries, and utilities they are entitled to. And it has a disastrous effect on people's life styles as the "rural character of life" in outlying areas is destroyed for older residents, and those moving into bedroom communities spend more and more of their time on gridlocked roads commuting to work and driving to schools and strip malls at considerable distance from their homes. Nor does sprawl even address the nation's most pressing housing need -- a scandalous shortfall of "affordable" housing.

Instead what is called for is "in growth" and "smart growth." New housing should be built in old, abandoned neighborhoods whose infrastructures are renovated, and concentrated in new areas that are environmentally less sensitive. Instead of construction patterns dictated by market forces and developers' bottom lines, what is called for is development planning through appropriate changes in zoning, combined with impact fees that distribute costs equitably. Instead of allowing developers to only build the kind of housing they find most profitable, they must be required to build a certain percentage of low cost units in exchange for permits to build high cost units. Instead of abandoning farms and green space to the ravishes of market forces, what is needed are preservation trusts, easements, and transfer development rights programs to preserve green space without doing it at farmers' expense.

The battle to replace sprawl with smart growth is a battle to replace the disastrous effects of market forces on local communities with democratic planning by the residents of those communities themselves. It requires democratic determination of community priorities. It requires challenging conservative defenses of individual property rights no matter how damaging to community interests. It requires clever strategies to win farmer approval for down zoning agricultural land so it cannot be developed, by giving farmers transfer development rights and requiring developers to purchase them in order to build in areas designated for concentrated development. It requires withholding construction permits for high income housing unless accompanied by a sufficient number of affordable units. It requires building coalitions of environmentalists, long-time residents, farmers, and those in need of affordable housing with a package of policies that serve their needs and shields them from shouldering a disproportionate share of the costs of in growth and smart growth, and politically isolating and defeating developers, banks, and wealthy newcomers who favor gentrification and sprawl because it serves their interests. It requires running in growth and smart growth candidates for local offices who spurn contributions from developers for their election campaigns, and who laugh at developer bluffs to boycott localities who insist on protecting community interests.

Of course the slogan "smart growth" can be misappropriated by clever developers, just as "sustainable development" has been misappropriated by clever corporations seeking to disguise their environmentally destructive growth objectives. What matters are the policies, not the labels put on them for salesmanship. And what matters are whose interests are served by those policies, and which groups and organizations dominate a coalition for smart growth. But anti-sprawl campaigns, campaigns for slow growth, in growth, and smart growth, and campaigns to protect disappearing "green space" that are already going on in every major metropolitan area and its surrounding communities afford progressives important organizing opportunities.

**The Labor Movement:** There is no substitute for a strong labor movement. Elaine Bernard, Executive Director of the Harvard Trade Union Program, argues it is essential to move beyond "bread and butter" unionism: "It is becoming increasingly clear in today's political environment that unions need to do both. Unions, like any organization, will not survive if

they do not serve the needs of their members. But unions will not survive and grow, if they only serve the needs of their members. The experience of organized labor in the US demonstrates that simply delivering for their own members is not sufficient in the long run." Jobs with Justice is one organization that learned this lesson well. Founded in 1987, Jobs with Justice had organized coalition chapters in over forty cities by 2003 with impressive records of active support for a variety of labor causes. According to its mission statement Jobs with Justice exists "to improve working people's standard of living, fight for job security, and protect workers' right to organize. A core belief of Jobs with Justice is that in order to be successful, workers' rights struggles have to be part of a larger campaign for economic and social justice. To that end, Jobs with Justice has created a network of local coalitions that connect labor, faith-based, community, and student organizations to work together on workplace and community social justice campaigns." For those who are not fortunate enough to be represented by a union where they work, Jobs with Justice is an organization open to individual as well as organizational membership providing excellent opportunities for people seeking to build the labor movement. ([www.jwj.org](http://www.jwj.org))

Unions must return to their mission of being the hammer for economic justice in capitalism. There is no good reason unions can't do a better job of educating their membership about economic justice. What union today teaches its members that nobody deserves to be paid more than them, unless someone works harder and makes greater personal sacrifices than they do? What union teaches its members that as long as wages are determined by the law of supply and demand in the market place, unions can only slightly and temporarily reduce the degree of economic injustice? Yet every union can teach these lessons, and grow larger and stronger by doing so.

All too often unions are even less democratic than mainstream politics. This is a disgrace for a movement that purports to stand for greater political and economic democracy. Prosecuting attorneys appointed by politicians in the pockets of corporations cannot be trusted to police unions against fraud and corruption. That is one reason progressives must lead reform movements of members to clean up their own unions and tell the government attorneys and judges to butt out. But that is only the beginning of what is necessary to make unions democratic. Electoral systems that stack the deck even more in favor of incumbent union officials than the deck is stacked in favor of incumbent US Congress people are an outrage. Yet this is what those who we expect to effectively promote industrial democracy have come up with for themselves. As in the case of economic justice, unions must practice what they preach about democracy.

Until unions greatly expand the percentage of the labor force they represent in the United States, what unions can hope to accomplish will remain severely restricted. Progressives working in unions must obviously press for a dramatic reallocation of union resources and energy toward organizing new workers. Union power will not increase until unions dramatically reallocate resources from legislative and political affairs, and from support for contract negotiation, to organizing the unorganized. These are difficult choices for unions. For the most part lobbying legislatures, get out the vote campaigns for lesser evil candidates, and support for contract negotiation does serve workers' interests. But union dollars spent on these activities are, on average, far less productive than union dollars spent on organizing drives. In this area the AFL-CIO Organizing Institute has turned over more than one new leaf since the late 1990s, and is busy providing valuable practical training for a new generation of union organizers. For young people aspiring to become labor activists, right now the Organizing Institute is an excellent place to start: [www.aflcio.org/aboutunions/oi](http://www.aflcio.org/aboutunions/oi). Among the national unions, the Service Employees International Union (SEIU) is setting the best example in organizing drives, and has recently challenged the AFL-CIO to make organizing Walmart the number one priority of the union movement.

There are two traditional models for leftists going to work in the labor movement -- join the union establishment, or remain a rank and file activist. In the first case a person convinces herself that more can be accomplished by working within the union than against it. She runs for local union office, and tries to proceed up the union ladder in order to promote policies she regards as more effective more widely. The danger with this strategy lies in succumbing to pressure to tow the union line even when it is wrong, i.e. becoming a union bureaucrat. In the case where a labor activist steadfastly remains a rank and file worker in the factory, she avoids the corrupting temptations associated with union office and retains her independence to criticize union policy and union officials as well as capitalist employers. But in the twentieth century most who pursued this model found it necessary to join a revolutionary sect which provided the psychological and social support necessary to sustain a life of left activism fighting against capitalist exploiters and sell-out union officials alike -- all on behalf

of fellow rank and file workers who were often less than appreciative. One danger in this approach lies in ceding power over issues essential to the labor movement to less principled and talented competitors who covet positions in the union hierarchy. The other danger is becoming isolated from one's fellow workers who do not share one's passion for discussing articles from the latest issue of a revolutionary newspaper.

There are unavoidable dilemmas associated with working either inside or outside any reformist organization, and deciding whether to accept or reject a compromise deal any reformist organization negotiates. Whether to work inside or outside unions, and whether to support or reject contracts are not exceptions to the rule, but cases in point. Unfortunately, the traditional models for leftist work in the labor movement exaggerate these dilemmas unnecessarily. Labor activists can begin to enjoy the fruits of living the economics of equitable cooperation even while capitalism denies people that opportunity in general by joining experiments in equitable cooperation. If activists who believe they can be more effective working as union officials commit to equitable living communities they will be less susceptible to the lure of perks from union office, less fearful of losing office and returning to the shop floor, and therefore more inclined to buck the union line when it is called for. Moreover, their primary peer group -- others living in their equitable living communities -- will consist of people who accord respect and esteem based on principled behavior rather than material status.

**The Anti-Corporate Movement:** The best thing about Ralph Nader's campaign for President in 2000 was that he never tired of talking about the biggest problem in the world today: unchecked corporate power run amok. Nader was a master at explaining how corporations deceive consumers and manipulate the political system. The best thing about the movement for corporate responsibility is that its campaigns publicize particularly egregious cases of corporate abuse, and provide people who become outraged something concrete to do about it. Corporate power and ideological hegemony has never been greater in the United States than it is today -- even surpassing the power of the great "trusts" during the era of the "Robber Barons" over a century ago. Moreover, multinational corporations in general, and US corporations in particular, have never held greater sway over the global economy than they do today. Exposing corporate abuse and fighting corporate power describes a great deal of what those fighting to replace competition and greed with equitable cooperation must do for the foreseeable future. Whereas the labor movement and unions fight corporate power primarily as it adversely affects employees, and the consumer movement seeks to protect consumers from corporate abuse, the anti-corporate movement opposes corporate abuse principally from the perspective of citizens. We need to build all three movements to bring corporate power to bay.

**The Consumer Movement:** There are a host of organizations in the United States today that seek to protect consumer interests and force government agencies like the Food and Drug Administration to protect consumers from corporate abuses. Three of the most important are the Consumer Federation of America (CFA), the network of Public Interest Research Groups (PIRGs), and Center for the New American Dream (CNAD). Of course CFA, PIRGs, and CNAD do not run their campaigns to highlight anti-capitalist lessons. Nor do they tell consumers the only way they can really exert control over what they consume is to have consumer councils and federations who run their own R&D operations and play a powerful role in a participatory planning process. But when anti-capitalist activists committed to a full system of equitable cooperation work in the consumer movement we can draw those lessons. The dilemmas anti-capitalist activists face when working inside or outside reform organizations in the consumer movement are the same as those faced by activists working inside or outside reform organizations in the labor movement, and the anti-corporate movement, and the best ways to deal with those dilemmas are similar as well.

**The Poor People's Movement:** Unfortunately, by the end of the twentieth century all of the progressive economic reform movements discussed above had become, to some degree, middle class movements. I say this not to condemn them, but because I believe this is an important "fact" activists need to recognize in order to deal with the problems it implies. Which is why a movement representing the interests of poor Americans is an absolute necessity, and should receive the highest priority from activists committed to economic justice. Moreover, it is critical to take whatever measures are necessary to guarantee that the leadership of this movement reflects its base.

In the late 1960s and early 1970s the National Welfare Rights Organization, NWRO, was the prototype organization in a poor people's movement. But since so-called "welfare reform" replaced federal welfare programs (Aid to Families with Dependent Children, AFDC) with under funded state workfare programs (Temporary Assistance to Needy Families, TANF) in

1996, local grassroots organizations like Community Voices Heard (New York City), the Contact Center (Cincinnati), Oregon Action, the Kensington Welfare Rights Union (KWRU, Philadelphia), and the Georgia Citizens Hunger Coalition have taken center stage in efforts to fight against cut backs. The demise of NWRO and the fragmentation of the welfare rights movement after 1996 has left the Association of Community Organizations for Reform Now, better known as ACORN as the largest organization in what is a very beleaguered poor people's movement today.

Social justice activists need to prioritize work in organizations like ACORN, GROWL, and KWRU over the next decades to rebuild and expand the poor people's movement. We need to support their campaigns because presently they are the most effective ways to improve the situation for America's most desperate families. We need to support their claim that all who work should be paid not only a living wage with benefits, but a wage commensurate with the sacrifices they make, and that childcare is socially valuable work that deserves compensation like any other. We especially need to support efforts to develop and retain indigenous leadership in poor people's organizations and integrate activists into communities supporting equitable lifestyles. Instead of complaining that other progressive economic movements are "too white" and "too middle class," we need to work to build the poor people's movement into the most dynamic progressive economic movement of all, and make sure that other progressive economic movements support the campaigns of the poor people's movement more fully and consistently than they do at present.

The Movement for Global Justice: It is more important to build what is popularly known as the anti-globalization movement correctly than to have the "correct" analysis or the "correct" set of demands. Organizing opposition to corporate sponsored globalization "from the bottom up" is the right approach. Organizing all constituencies negatively affected to fight for their own interests while they learn why their own success necessarily hinges on the successes of other constituencies against whom global corporations will constantly pit them is the right approach. Working closely with third world organizations in the campaign against the global "race to the bottom" is the right approach. Adopting the "Lilliput strategy," where each constituency struggles to tie its own string to contain the "Gulliver" of global capital knowing (correctly) how weak and vulnerable its own string is without the added strength of tens of thousands of other strings, is the right approach.

At this point it is also critical for the radical wing of the anti-globalization movement not to become isolated from the reform wing. What frightened corporate globalizers most about the demonstration in Seattle in 1999 was not its size but its composition. There were fewer than 50,000 participants in the permitted rallies, and no more than 10,000 activists who engaged in civil disobedience. I have been to dozens of larger demonstrations over the past thirty years that had far less impact. But the specter of people from mainstream environmental organizations dressed as sea turtles marching together with middle aged white men from the United Steelworkers, Teamsters, and Longshoremen's unions, as well as with elected officials from small cities and towns -- all joining in the chants and songs led by amazing groups of lesbian and anarchist cheerleaders -- was a scary sight to the pro-globalization establishment. But only if the constituencies of mainstream labor, environmental, and civic organizations remain active in the movement, and only if the radical message that a better world is possible continues to infect them can the anti-globalization movement grow enough in size and depth to finally force policy change as well as influence the tenor of public debate. This requires tolerance and patience. This requires respecting others who do not agree with everything we stand for. This requires remembering that we all need each other. Without the organizational skills, dedication, creativity, and courage of radical anti-globalization activists, reformist organizations would not have been nearly as successful as they have been in slowing the globalization juggernaut. Without large numbers of participants at demonstrations, and support from reformist organizations the radical wing of the anti-globalization movement will become isolated and vulnerable to ever more violent repression. In the aftermath of anti-globalization demonstrations in Quebec, Cancun, Windsor, Miami, and Savannah, the danger is that the reform and radical wings of the movement are drifting toward a counter productive division of labor, where the radical wing only demonstrates and the reformist wing only lobbies. We need to remember that is just how the neoliberal globalizers like to see us, not the specter that frightened them so much in Seattle five years ago.

### **How to Work for Reforms**

In an era of increasing corporate power, much of our energies must be devoted to reform

campaigns. But we must make clear that the reason we work in reform campaigns is that we believe everyone should control their own economic destiny, and everyone should receive economic benefits commensurate with their effort and sacrifice. It is also important for activists working in reform campaigns to make clear that victories can only be partial and temporary as long as economic power is unequally dispersed and economic decisions are based on private gain and market competition. Otherwise, reform efforts give way to disillusionment, and weaken, rather than strengthen the movement for progressive economic change when victories prove partial and erode over time. Not only must activists working for reforms explain why those reforms will be temporary as long as capitalism survives, they must also take time in their reform work to explain concretely how victories can be fuller and more permanent if capitalism is replaced by a system designed to promote equitable economic cooperation in the first place.

Working in reform movements does not mean we must abandon, or play down our politics. When we work in the labor movement we must teach not only that profit income is unfair, but that the salaries of highly paid professionals are unfair as well when they are paid many times more than ordinary workers while making fewer personal sacrifices. And we must be clear that workers in less developed countries deserve incomes commensurate with their efforts, just as workers in the United States do. In other words, when we work in the labor movement we must insist that the labor movement live up to its billing and become the hammer for justice in capitalism. When we work in the anti-corporate movement we must never tire of emphasizing that corporations and their unprecedented power are the major problem in the world today. We must make clear that every concession corporations make is because it is rung out of them by activists who convince them that the anti-corporate movement will inflict greater losses on their bottom line if they persist in their anti-social and environmentally destructive behavior than if they accede to our demands. When we promote programs like pollution taxes that modify incentives for private corporations in the market system, we must also make clear that production for profit and market forces are the worst enemies of the environment, and that the environment will never be adequately protected until those economic institutions are replaced. Even while we work to protect consumers from price gouging and defective products we must make clear how the market system inefficiently promotes excessive individual consumption at the expense of social consumption and leisure. And finally, even while anti-globalization activists work to stop the spread of corporate-sponsored, neoliberal globalization, we must explain how a different kind of globalization from below can improve people's lives rather than destroy their livelihoods.

But until these economic reform movements have attracted more supporters, until all these reform movements have become more politically powerful, until all these reform movements are more clear about what they are fighting for and how to go about it, the goal of replacing capitalism with a system of equitable cooperation will remain far beyond our reach. But while nothing can be accomplished unless these reform movements have been greatly strengthened, and activists must therefore prioritize this task, it is not the only work that needs to be tackled. Strong economic reform movements are necessary -- and in the United States not one of the above movements is nearly strong enough at present. But strong economic reform movements are not enough. Twenty-first century activists must also nurture, build, and begin to connect a variety of creative living experiments in equitable cooperation within capitalism if we want to avoid the fate of our twentieth century social democratic predecessors.

### **Build Experiments in Equitable Cooperation**

The culture of capitalism is firmly rooted among citizens of the advanced economies. Most employees -- not just employers -- believe that hierarchy and competition are necessary for the economy to run effectively, and that those who contribute more should receive more irrespective of sacrifice. And why should people not believe this? Even if you feel you haven't gotten a fair shake, or that people born with a silver spoon in their mouth don't deserve what they get, few are likely to reject a major linchpin of capitalist culture all on their own. We should not fool ourselves that capitalism teaches people about its failings, or shows them how to live non-capitalistically -- quite the opposite. The only sense in which capitalism serves as midwife for its heir is by forcing people to learn to think and live non-capitalistically in order to meet needs it leaves unfulfilled. It falls to progressives to learn and teach others how to do this. And there can be no mistake about it, this is a monumental task. But where can the culture of equitable cooperation grow in modern capitalism? A variety of existing experiments in equitable cooperation need to be strengthened, new kinds of experiments must be created, and ways to link experiments together must be found -- to offer an increasingly attractive alternative to capitalism. Failure to find ways within advanced capitalist economies to build and sustain non-capitalist networks capable of accommodating the

growing numbers who will be drawn to the economics of equitable cooperation can prove just as damaging to our cause as failure to wage successful economic reform campaigns and build mass economic reform movements.

**Local Currency Systems:** Activists working in local currency systems like Ithaca Hours and Time Dollars activists make valid criticisms of the capitalist monetary system and financial markets. They are correct to point out that local regions often remain in recession even when the national economy picks up, and that national and global financial markets often siphon savings out of poor communities to invest it elsewhere. Advocates for local currencies are also right when they sense that we can arrange a division of labor among ourselves that is more fair than the one capitalism arranges for us. On the other hand, local currency activists sometimes espouse misguided theories about money, and become overly enthusiastic about what their local currency systems can, and cannot accomplish. While local currencies can bring modest improvements, other reforms are frequently more effective. And while the spirit of anti-capitalist independence generated by local currency activists can be empowering, the focus on a new kind of money and market exchange as the antidote to capitalism is unfortunate. Local currency systems are useful to the extent that they reduce local unemployment, reward people for their labor more fairly than capitalist labor markets, and help people understand that they can -- and should -- manage their own division of labor equitably. Local currency systems are counterproductive when participants deceive themselves about how much can be accomplished and see nothing wrong with allowing the laws of supply and demand to determine the terms of their labor exchanges.

**Producer Cooperatives:** Roughly 10 million Americans are worker-owners in more than 10,000 employee-owned companies with assets of over \$400 billion. The National Cooperative Business Association ([www.ncba.coop](http://www.ncba.coop)) has served as a trade association for producer cooperatives in all sectors of the American economy since 1916. However, NCBA does not promote worker-ownership as an alternative to capitalism. Grassroots Economic Organizing (GEO), founded in 1988, actively promotes worker-ownership as an alternative to capitalism and has a radical perspective as its mission statement makes clear: "GEOs mission is to build a nation and worldwide movement for a cooperative, social economy based on democratic and responsible production, conscientious consumption, and use of capital to further social and economic justice."

Activists who work tirelessly to promote the growth of worker-ownership in capitalism should not expect their efforts to succeed in replacing capitalism incrementally. The vision of reversing who hires whom -- instead of capital hiring labor, labor hires capital -- by slowly expanding the employee-owned sector of modern capitalist economies is a utopian pipe dream. The deck is stacked against worker-owned firms, making it very difficult for them to survive, particularly in modern capitalist economies dominated by large multinational firms. And when forced to compete against capitalist firms in a market environment, even the most idealistic worker-owners find it difficult to retain their commitment to decision making according to human values. In short, incrementally increasing the number of worker-owned firms is not a feasible transition strategy from the economics of competition and greed to the economics of equitable cooperation.

However, this is not to say that creating employee-owned firms cannot be an important part of a feasible transition strategy. If we are to succeed in the century ahead, building, expanding, and improving imperfect experiments in equitable cooperation within capitalism must occur at the same time that capitalism is being rendered less harmful through various reform campaigns. Worker-owned firms are one kind of partial experiment in equitable cooperation. They afford workers important opportunities to participate in economic decision making unavailable to them in capitalist firms. They train workers to make decisions collectively, together with their co-workers. When they compete successfully against capitalist firms, worker-owned firms challenge the myth that workers cannot govern themselves effectively, and therefore require bosses to decide what they should do and compel them to do it. So the more worker-owned firms there are, and the more successful they are, the stronger the movement for equitable cooperation will become. But until worker-owned firms establish truly equitable systems of compensation, until producer cooperatives coordinate their activities democratically and equitably with other producer and consumer cooperatives, until worker-owned firms plan production priorities together with organizations representing consumers, until worker-owned firms embrace constraints on their use of the natural environment placed on them by organizations of citizens, they are only partial and imperfect experiments in equitable cooperation. So while they can play an important role in a transition to a self-managed system of equitable cooperation, expanding employee ownership in capitalism is no panacea.

Consumer Cooperatives: Nobody knows how many consumer cooperatives there are in the United States. A survey in the early 1990s counted more than 40,000, and consumer cooperatives have expanded rapidly since then. The problem is not so much lack of consumer cooperatives, but (1) failure to cultivate cooperative principles and practices within the consumer cooperatives that already exist, and (2) failure to develop cooperative relations between producer and consumer cooperatives, leaving individual cooperatives to interact instead with capitalist firms through the marketplace.

Progressives need to help sustain and expand self-management practices and develop more equitable wage structures in consumer cooperatives. We need to devise more creative procedures to help members participate in consumer cooperatives without heavy burdens on their time. We need to develop ways to take advantage of the energy of dedicated staff without the staff usurping member control over cooperative policy. Activists working in consumer cooperatives are already hard at work on these tasks, and are already sharing ideas and experiences with one another through organizations of consumer cooperatives and internet discussion forums. The Cooperative Grocers Information Network, CGIN ([www.cgin.coop](http://www.cgin.coop)) maintains a discussion group for the National Cooperative Grocers Association, NCGA ([www.ncga.coop](http://www.ncga.coop)). There is an active discussion group facilitated by Co-op Net ([www.co-opnet.coop](http://www.co-opnet.coop)). And both the University of Wisconsin Center for Cooperatives, UWCC ([www.wisc.edu/uwcc](http://www.wisc.edu/uwcc)) and the International Co-operative Alliance ([www.coop.org](http://www.coop.org)) provide educational materials on cooperative principles and sponsor information exchanges by topic areas. However, there is a great deal more educational work to be done inside consumer cooperatives by those who understand how pressure from the bottom line can undermine cooperative principles.

Linking Producer and Consumer Cooperatives: Members of producer and consumer cooperatives also need to learn and teach one another how the competitive market environment limits the capacities of their cooperatives to meet their stated goals. Activists in producer cooperatives need to teach their fellow workers how market relations limit their ability to transform the work process in desirable ways. Activists in consumer cooperatives need to teach their fellow members how market relations limit their ability to secure high quality, safe, environmentally friendly products. And activists in all cooperatives need to explain how market relations prevent them from developing democratic and equitable relations between cooperatives, and undermine economic democracy and justice within their organizations as well.

Once the difference between market and cooperative principles is more clearly understood by more cooperative members, progressives need to try to link cooperatives together in new ways. The first step is to try and help producer and consumer cooperatives buy and sell more from each other, and less from capitalist firms. This would cut down on ways in which relationships with capitalist suppliers and buyers undermine cooperative principles. There is now a major effort underway to link Community Supported Agriculture (CSA) with local food co-ops. Local Harvest, an organization supporting CSA, sponsors a program to link local farmers with food co-ops in nearby urban areas. ([www.localharvest.org/food-coops/](http://www.localharvest.org/food-coops/))

A second step could be to establish something like an "ebay" on the internet exclusively for producer and consumer cooperatives. Once cooperatives are trading with other cooperatives through a cooperative ebay, those exchanges could be transformed from purely commercial transactions toward a system of equitable interrelations. Just as the "fair trade movement" has recently introduced a moral element into international trade, this would bring the "cooperative market" more in line with the core principles of equitable cooperation. After "fair trade" between cooperatives became a familiar norm, cooperatives participating in the cooperative ebay market could move toward replacing fair trade exchanges with a rudimentary form of participatory planning, which would facilitate even fairer relationships and allow for greater economic democracy.

Egalitarian and Sustainable Intentional Communities: Besides religious communities like the Amish, the Mennonites, the Hutterites, and the Bruderhoff who all live outside the capitalist mainstream to varying degrees, there are close to a thousand secular "intentional communities" in the United States where individuals and families live in ways that are self-consciously different from capitalist life styles. Some of these communities concentrate on living in ways that are environmentally sustainable, including pioneering new environmentally friendly technologies. Others are primarily concerned with building egalitarian relationships. Many intentional communities try to do both, and practice democratic decision making in various forms as well.

The Fellowship for Intentional Community dates back to 1948, but was revitalized in the

1980s, and incorporated as a non-profit organization in 1986. The FIC today serves as both a membership organization for over 200 communities, and as a clearinghouse for information on more than 700 communities appearing in the FIC encyclopedic publication: *Communities Directory: A Guide to Intentional Communities and Cooperative Living*. A directory of "eco-villages," with links to each one can be found at [http://www.ecobusinesslinks.com/sustainable\\_communities.htm](http://www.ecobusinesslinks.com/sustainable_communities.htm). In 1976 more than a dozen communities focused primarily on changing people's relations with one another formed the Federation of Egalitarian Communities (FEC) to promote egalitarian life styles. Communities in the FEC cooperate on publications, conferences, and recruitment, engage in labor exchanges and skill sharing, and provide joint healthcare coverage. The FEC now has members and affiliate communities spread across North America, ranging in size and emphasis from small agricultural homesteads to village-like communities with over a hundred members, to urban group houses. The stated aim of these "egalitarian communities" is "not only to help each other, but to help more people discover the advantages of a communal alternative and to promote the evolution of a more egalitarian world." Each of the communities in the federation: (1) holds its land, labor, income and other resources in common, (2) assumes responsibility for the needs of its members, receiving the products of their labor and distributing these and all other goods equally, or according to need, (3) practices non-violence, (4) uses a form of decision making in which members have an equal opportunity to participate, either through consensus, direct vote or right of appeal or overrule, (5) works to establish the equality of all people and does not permit discrimination on the basis of race, class, creed, ethnic origin, age, sex or sexual orientation, (6) acts to conserve natural resources for present and future generations while striving to continually improve ecological awareness and practice, and (7) creates processes for group communication and participation and provides an environment which supports people's development. The FEC has accumulated a library of information they call "systems and structures" available without charge to any who are interested, containing advice on topics as varied as children, conflict resolution, economic planning and budgeting, and taxes. The number of intentional communities in the United States committed to living in environmentally sustainable and egalitarian ways is truly impressive, as is the longevity and size of some of the communities. Unfortunately, these communities are virtually unknown to most Americans, including most who think of themselves as part of the left. While their lack of visibility in the mainstream is understandable, the disconnect between left activists and those living in intentional communities is surprising since many who live in intentional communities participate faithfully, year in and year out, in various environmental, anti-war, and social justice campaigns. But for the most part, left activists and theoreticians ignore the existence of these experiments in equitable cooperation as both valuable sources of information about how well our visions of alternatives to capitalism work in practice, and as opportunities to practice what they preach themselves. Overcoming this unfortunate "disconnect" is an important priority.

**Collectives Practicing Participatory Economics:** Last but not least, there are a handful of collectives who are not only owned and managed entirely by their members, but organized self-consciously according to the principles of participatory economics. These collectives practice balancing job complexes and remuneration according to effort, promote participatory economic goals, seek to relate to other progressive organizations on a cooperative rather than commercial basis, and explicitly agitate for replacing capitalism with a participatory economy. South End Press in Boston was the first self-conscious attempt to organize a workplace according to the principles of participatory economics, [southend@igc.org](mailto:southend@igc.org). The A-Zone in Winnipeg was the first network of collectives operating according to participatory economic principles. The collectives in the network include a bookstore and restaurant, Mondragón Bookstore & Coffee House, [www.a-zone.org/mondragon/](http://www.a-zone.org/mondragon/)), a publishing house, Arbeiter Ring, [www.arbeiterring.com/](http://www.arbeiterring.com/)), a recording company, The G-7 Welcoming Committee, [www.g7welcomingcommittee.com/](http://www.g7welcomingcommittee.com/)), and a bicycle shop and courier service, Natural Cycle. The Vancouver Participatory Economics Collective does educational work promoting participatory economics and participatory budgeting throughout British Columbia (<http://vanparecon.resist.ca>.) The New Standard in Syracuse is a professional, twenty-four hour, hard news source <http://newstandardnews.net/>. And The Blue Space collective in East Sussex England offers adventure travel services around the globe <http://www.thebluespace.com/index.shtml>.

It is important not to put any particular experiment in equitable cooperation on a pedestal and blind oneself to its limitations. It is also important not to focus exclusively on the limitations of a particular experiment and fail to recognize important ways in which it advances the cause of equitable cooperation. But it is most important not to under estimate the value of living experiments in equitable cooperation in general. The glass will always be part full and part empty. All real world experiments in equitable cooperation in capitalist economies will not only be imperfect because human efforts are always imperfect, more

importantly, they will be imperfect because they must survive within a capitalist economy and are subject to the serious limitations and pressures this entails. Of course it is important to evaluate how successfully any particular experiment advances the cause of equitable cooperation and resists pressures emanating from the capitalist economy to compromise principles of economic justice and democracy. But there is little point in either pretending experiments are flawless or vilifying those struggling to create something better. What is called for is to nurture and improve experiments that already exist, to build new ones that can reach out to people who continue to live in their traditional communities, and eventually to link experiments in cooperation together to form a visible alternative to capitalism in its midst.

#### Live Within the Movement

Finally, we need to begin to think differently about what "the movement" is and how it functions. By "the movement" I mean the community of progressive activists devoted to winning fundamental social change, which in the case of the economy means replacing capitalism with a system of equitable cooperation. But whereas in the past anti-capitalist activists identified primarily as members of particular radical political organizations, i.e. organizations defined by a particular political ideology and strategic program, I suspect in the future activists will more often be identified by their work in particular reform struggles and by how they express their willingness to live according to the principles of equitable cooperation. In other words, I suspect movement activists will increasingly come to have two different organizational reference points, instead of a single, all embracing political sect, pre-party, party, or group. Which reform struggle, or anti-capitalist educational project I work on, and what organization or caucus I belong to when doing that work will be one point of reference. How I choose to live according to the principles of cooperation, and which experiment in equitable cooperation I belong to will be my second point of reference as a movement activist. Of course there will continue to be differences of opinion among activists about the best way to pursue both tasks -- anti-capitalist reform work and living according to cooperative principles. And since movement activists are human too, different "preferences" will enter into activists' choices of how and where they work. But I detect a change toward dual allegiances instead of single allegiances among movement activists, and I think this is a fortuitous trend. I think activists who orient and work with a dual orientation and allegiances not only will be more effective, they will be able to sustain themselves longer as activists and enjoy themselves more in the process. Since I have long been of the opinion that it is activists and organizers who make the world go round, anything that improves their effectiveness and enhances their numbers in my opinion greatly improves our chances of success.

In any case, movement activists need to preach what they practice. We must not only fight along side others for reforms that make capitalism more equitable and democratic and less environmentally destructive, we must prove by personal example that it is possible for people to live in ways that are more democratic, equitable, and sustainable than anything capitalism permits. We must commit to live according to the principles we espouse. We must go beyond arguing theoretically that equitable cooperation is possible and desirable, and begin to show by concrete example that participatory economic decision making and reward accord to sacrifice do not breed laziness or stifle initiative. We must demonstrate that environmentally friendly life styles are enjoyable, and that after economic security is assured, sacrificing excessive income for more leisure improves the quality of life. Quite simply, we must show that people will want to choose equitable cooperation when given the chance. When we begin to do this the difference between those who are committed to the cause of equitable cooperation and those who seek only limited reforms of capitalism will no longer be that the former espouse more militant strategies and tactics during reform campaigns than the latter. The measure of dedication to the cause of equitable cooperation will be willingness to enter into arrangements with others as they become available that better express the cooperative principles we espouse.

Participation by activists is also crucial to the success of non-capitalist experiments. Experiments must not only compete successfully to survive, they must also reject competitive principles and remain faithful to cooperative principles to be successful experiments in equitable cooperation. As an examination of experiments like the Mondragon cooperatives in Spain reveals, this is not easy, and requires a high level of political awareness and commitment by participants. Whereas religious convictions can provide the necessary ingredient in Amish, Mennonite, Hutterite, and Bruderhoff intentional communities that co-exist with capitalism, political convictions about the superiority of cooperation to competition are necessary for the success of secular intentional communities. Without the presence of committed activists who share this conviction, experiments are less likely to succeed.

Remuneration based on effort, decision making power in proportion to the degree one is affected, making use of expertise while preventing experts from usurping power cannot be demonstrated as viable and desirable within the workings of capitalism. The fact that capitalism makes economic justice and democracy impossible is the reason it must be replaced! But sensible people do not endorse new ideas until they are sure they work. Especially in light of the history of failed alternatives to capitalism that is part of the legacy of the twentieth century, the progressive economic movement must respect people's skepticism. This means testing the principles of equitable cooperation and proving that they do work in living experiments in equitable cooperation. Since these experiments cannot succeed without committed activists, and since activists often find it difficult to sustain their commitment to the struggle without the kind of social support these experiments provide, it is important for activists not only to prioritize their work in reform struggles, but also to prioritize finding where and how to live with other like-minded people according to cooperative principles. That is how to "keep hope alive," and how the principles of economic justice and economic democracy can successfully challenge the hegemony of "might makes right."

### **Standing Fast**

The next century will prove no easy road for progressive organizers -- in any of the movements in any of the spheres of social life. Unfortunately for those of us working for progressive economic change, capitalism does not dig its own grave. Instead it charges us dearly for the shovels it sells us to dig our own graves. Only when enough of us come to our senses and put our shovels to better use will the increasing human misery and environmental destruction that marked the end of the century that should have been capitalism's last, give way to a sustainable economy of equitable cooperation. Unfortunately, "coming to our senses" is easier said than done. It will come to pass only after more sweat and tears have flowed in more reform campaigns than we can yet imagine. It will require countless lives devoted to building experiments in equitable cooperation that swim against the current in the increasingly global cauldron of competition and greed. Fortunately, pouring sweat and tears into the cause of justice and democracy are at the center of the human spirit and make our lives fuller.