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Socialism -- How Should It Be Organized?

I. Socialism?

A. It's on the agenda!

- 1) Now that Obama has officially been declared a "socialist," socialism must finally be on the agenda.
- 2) At the same time, we have to stop letting the right-wingers set the agenda for us: stop reacting to the reactionaries, the latest outrage from Rush Limbaugh, etc.

B. Our agenda.

- 1) Instead of telling you *why* I think socialism is necessary, however, it's time to talk about *how* socialism should be organized.
- 2) This is not meant to be the final word; rather, it's a matter of debate, aimed at stimulating the imagination.

C. One of the things that helped create socialist movements in the past was the fact that people had much more than grievances – they had some idea of what they wanted to replace capitalism with.

- 1) They were confused, but important to motivating the movement, making people see socialism as not only necessary but possible.
- 2) Utopian socialism was an important part of working-class self-education, so that even critics such as Fred Engels thought that it was worth treating seriously.
- 3) His main problem with it was that he didn't think it was a good guide for practice, strategy, and tactics.

D. Our imaginations have been squelched by

- 1) the long slide of U.S. politics to the cynical "market *über alles* perspective," the neoliberal policy revolution that's gotten stronger and stronger since 1980 or so, along with the rise of New Right conservatism (anti-abortion, etc., etc.)
- 2) the failure of bureaucratic socialism (BS) in the U.S.S.R. and elsewhere; and
- 3) the general collapse of social democracy in the richer parts of the capitalist world and more progressive nationalist movements in the poorer parts.

II. The failure of past socialisms...

A. Social Democracy had a very hard job, trying to manage capitalism.

- 1) In my opinion, capitalism managed by social democracy (in Western Europe before 1980 or so) is significantly better than capitalism without it;
- 2) But social democracy originally arose and persisted based on a militant labor movement – and social-democratic governments tended to undermine these, partly because part of their “job” of managing capitalism is to keep labor movements under control.
- 3) Social democracy tended to persist because of the threat of the Soviet Union and other bureaucratic-socialist countries, but then fell away when the U.S.S.R. collapsed.

B. Bureaucratic Socialism (U.S.S.R.)

- 1) Was very undemocratic (and worse), but
- 2) Worked well to allow national economic development (and national defense) for awhile (along with eventually providing a good welfare state for a relatively poor country), but
- 3) Its centralized planning system was much better at quantity than quality, not good for a “modern” consumer economy.
 - (a) There wasn’t enough information about the workings of the details of the economy, while
 - (b) It was extremely difficult to motivate people to obey the plan imposed from above in an authoritarian way.

C. Market Socialism (Yugoslavia) was decentralized, involving profit-seeking firms, controlled by workers.

- 1) Decentralization solved the information problem in many ways (since the decision-makers were right where the decisions needed to be made), but encouraged narrow-minded motivation, which had negative social effects.
- 2) Most obviously, it encouraged greater inequality and social conflict between areas.
- 3) Which Western powers took advantage of, so that it ended in a series of civil wars.

III. What’s the alternative?

A. I found an excellent book, by Charlie Andrews, 2000. From Capitalism to Equality: An Inquiry into the Laws of Economic Change. (<http://www.laborrepublic.org/>).

- 1) In chapters 9 and 10, he describes a socialist “Labor Republic” which is neither bureaucratic nor market socialism.
- 2) It makes a lot of sense in terms of my experience: it’s very practical.
 - (a) It combines decentralization with centralization in a way that avoids the problems of previous socialisms.

(b) It's decentralized at any one time, but has investment planning for changes over time.

3) In addition, Andrews is very conscious of the problem of how to move from the Labor Republic to higher forms of socialism; easing this path is part of his scheme.

B. Andrews' economic principles go beyond and add to standard liberal-democratic or progressive policies (anti-pollution, anti-racism, feminism, public health, etc.) without rejecting them at all.

C. I'm going to talk his principles about these in my own language, with no effort to speak for Andrews – nor am I going to talk about my differences with Andrews.

1) As should be obvious, I'm talking more about ideals than about practice. It's utopian.

2) My focus is on the Labor Republic rather than on the transition to higher forms of socialism.

D. Andrews' Labor Republic is based on two principles, but I've added one.

1) They are democracy, economic service, and material equality.

2) Democracy implied by the other two but I made it explicit.

3) The three are interlocking, with each required, each pair reinforcing the other.

IV. Democracy.

A. This principle is the one that Andrews leaves implicit.

1) I don't think I need to emphasize how important this is, so I won't dwell on it.

2) I focus instead on the innovations in Andrews' approach.

B. This is needed at all levels to make the system work:

1) political democracy: at the centralized level, planning etc.

2) economic democracy: at the decentralized (firm) level.

3) community democracy: in this context, this means democracy in the social networks that link society, holding it together.

4) As Andrews makes clear, some sort of democratic struggle is required to keep new elites from taking over the Republic.

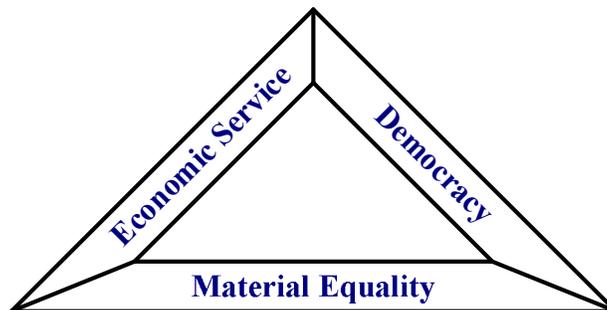


Figure 1: If any side of the triangle breaks, it crumbles.

V. Economic service.

- A.** This is summed up by the old socialist slogan: “production for use, not profit.”
- B.** Production is centered a *decentralized* system of *not-for-profit* firms, that aim to balance their budgets.
- 1) They must be able to sell their output to individuals (who have free choice about what to buy),
 - (a) And they compete with each other, sometimes on markets.
 - (b) but unlike capitalist firms, they aim to break even, not make a profit.
 - 2) To work as not-for-profit firms, they must have a clearly defined mission, even a simple one like “let’s produce good tires.”
 - (a) Instead of profits, there’s a tax on the total amount of wages paid, which goes to the state to finance public goods, collectively supplied goods, and new investment.
 - (b) They also pay a fixed fee to the government for the use of capital equipment (owned by the state).
- C.** These firms can expand their operations only by borrowing from government-sponsored investment banks.
- 1) Investment is done following the priorities set by the democratically-elected government.
 - (a) Even though the day-to-day operations of the decentralized system are not centrally planned, the dynamics of the economy over time are planned.
 - (b) The planning system is a lot like the way in which not-for-profits currently apply for grants in order to get funds.
 - (c) While their use of grant money is monitored.
- D.** Firms are kept honest and encouraged to be efficient (avoiding unnecessary costs) by:
- 1) Old-fashioned competition, anti-trust, and the like.
 - 2) But more importantly: they are audited by the community and other “stake-holders” (just as accreditation agencies currently evaluate universities) to see if
 - (a) their mission statements are socially beneficial
 - (b) and are pursued.
 - 3) Instead of the current ideal of the market running society and politics, the ideal is for the market to be embedded in society (as the economic anthropologist Karl Polanyi would put it), constrained and limited by it.
 - (a) “regulation” of business by the government and society would be normal, not exceptional.
 - (b) Instead of the normal secrecy that businesses maintain about many, many operations, the ideal is transparency and accountability.

VI. Material Equality.

- A.** An effort to move society toward the application of the socialist slogan “from each according to effort, to each according to need.”
- B.** When the Labor Republic is fully consummated, every working individual will
- 1) receive exactly the same wage (to pay for their individual consumption on the market),
 - 2) while benefiting from public goods and services supplied by the government.
 - 3) Full employment will be maintained, with 100% unemployment insurance for those temporarily unemployed.
- C.** But what about differences in individual effort, education, etc.? what about the incentive to work?
- 1) Motivation:
 - (a) In the Labor Republic, differences among workers would be recognized by giving non-material “bidding points” to those who work harder, have more skills, etc.
 - (b) These bidding points cannot be used to receive material goods and services on the market.
 - (c) Instead, they are used to be able to move from job to job, including getting the training necessary to move to other trades.
 - 2) Payment of bidding points also vary with the kind of job
 - (a) in order to encourage circulation of people between jobs, so that
 - i. they have a more unified and shared perspective,
 - ii. they have a more equal distribution of education,
 - iii. with no individuals holding on to more privileged jobs permanently.
 - (b) They also compensate for the strenuousness of different kinds of jobs:
 - i. More are paid to those with the most strenuous jobs;
 - ii. While less are paid to those with the more desirable jobs, especially as their tenure gets longer.
 - 3) Decisions about which individuals and which jobs gets bidding points:
 - (a) Which individuals: made democratically by peers in the firm, within the framework set by the firm’s mission statement.
 - (b) Which jobs: made democratically outside a firm, by government and other agencies.

VII. Coda.

- A.** Again, this is very utopian, open to more discussion.

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