

But There *Is* an Alternative

David Schweickart

Loyola University Chicago

Ken Griffin's Possible Tax Travails

Income	Tax Rate	After Taxes
\$900m	90%	\$90m
	99%	\$9m
	99.9%	\$900,000
	99.95%	\$450,000

Salary of President Obama: \$400,000

The Deep Irrationality of Global Capitalism

Ever-growing inequality: paper wealth and soul-destroying poverty

**More control over nature than ever and more ecological devastation:
capitalism's cancerous "grow or die" expansionary imperative
["Drill, baby, drill"]**

**Technology that could give everyone more leisure throws millions
out of work and makes hundreds of millions insecure (and
overworked). ["End of Work"]**

Who now can use the words of socialism with a straight face? As a member of the baby boomer generation, I can remember when the idea of revolution, of brave men pushing history forward, had a certain glamour. Now it is a sick joke. . . . The truth is that the heart has gone out of the opposition to capitalism.

--Paul Krugman, *The Return of Depression Economics and the Crisis of 2008*

Capitalism is secure, not only because of its successes--which have been very real--but because no one has a plausible alternative. This situation will not last forever. Surely there will be other ideologies, other dreams, and *they will emerge sooner rather than later* if the current economic crisis persists and deepens.

--Paul Krugman, *The Return of Depression
Economics and the Crisis of 2008*

Trouble in Paradise



Who's Buying the Stuff?

- Some purchased by capitalists to increase productivity further (capital goods)
 - More luxury goods purchased by capitalists because, with asset prices rising, they feel richer (wealth effect)
 - Massive expansion of credit to working people
 - Auto loans
 - Home equity loans
 - Credit card loans
 - Student loans
- Capitalists *loan* surplus to workers

What can't go on forever

WON'T

I WANT YOU

To Start Spending

Invest in America -- Before It's Too Late

Newsweek, March 23, 2009

**Only a madman or an
economist thinks exponential
growth can go on forever in a
finite world.**

--Kenneth Boulding

Other Dreams

Capitalism or Socialism?

- **All Americans**
 - Prefer capitalism: 53%
 - Prefer socialism: 20%
 - Undecided: 27%
- **Under 30**
 - Prefer capitalism: 37%
 - Prefer socialism: 33%
 - Undecided: 30%

Positive Association

Under 30:

- **Capitalism: 43%**
- **Socialism: 43%**

Pew Research Center Poll (June 4, 2010)

What We Now Know

- That competitive markets are essential to the functioning of a complex, developed economy. [The negative lesson of the socialist experiments of the twentieth century]
- That some sort of democratic regulation of investment flows is essential to rational, stable, sustainable development--for individual countries and for the world economy as a whole. [The negative lesson of the neoliberal experiments of the last twenty-five years.]
- That productive enterprises can be run democratically with little or no loss of efficiency, often with a gain in efficiency, and almost always with considerable gain in employment security. [The positive lesson of a great many recent experiments in alternative forms of workplace organization.]

Democratizing the Economy: The Slogans

- **Democratize labor**
- **Democratize capital**
- **Democratize democracy**

Economic Democracy: The Basic Model

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

Worker Self-Management

- **Workers control the enterprise democratically, one-worker, one-vote**
- **Workers elect a workers' council that appoints upper management**
- **Workers' incomes are profit shares, not wages.**

Social Control of Investment

- **The national investment fund is generated, not from private savings, but from a capital assets tax--a flat tax on the value of assets of each business enterprise.**
- **This fund is distributed to regions and to communities on a per-capita basis.**
- **These funds are allocated to a network of public "investment banks" that loan them out to existing enterprises or to individuals wanting to start new businesses.**

Economic Democracy: Three Essential Supplements

- **The Government as Employer-of-Last-Resort**
- **Non-Governmental Savings and Loan Associations**
- **An Entrepreneurial Capitalist Sector**

Why ED Not Vulnerable to Financial Crisis

No private financial markets, hence no possibility for financial speculation or financial “innovation.” Financial market wholly transparent

Why ED Compatible with Ecological Sanity

- **A democratic firm is not structured to grow**
- **Social control of investment allows for targeted “green” investment**
- **Declines in consumption can be offset by increases in leisure**

Keynes: Two great problems of “the economic society in which we live”

- **Its failure to provide full employment**
- **Its arbitrary and inequitable distribution of income and wealth**

Keynes: Solutions

- The “euthanasia of the rentier” as interest rates approach zero
- Private capital markets replaced by “communal savings through the agency of the State”
- “A somewhat comprehensive socialization of investment, which will prove to be the only means of securing approximately full employment.”

We shall use the new-found bounty of nature quite differently than the way the rich use it today, and will map out for ourselves a plan of life quite otherwise than theirs. . . . What work there still remains to be done will be as widely shared as possible--three hour shifts, or a fifteen-hour week. . . . There will also be great changes in our morals. . . . I see us free to return to some of the most sure and certain principles of religion and traditional virtue--that avarice is a vice, that the extraction of usury is a misdemeanor, and the love of money is detestable, that those walk most truly in the paths of virtue and sane wisdom who take least thought for the morrow. . . . We shall honor those who can teach us how to pluck the hour and the day virtuously and well, the delightful people who are capable of taking direct enjoyment in things.

--John Maynard Keynes, "Economic Possibilities for Our Grandchildren" (1930)

**The prevailing world
depression, the enormous
anomaly of unemployment, the
disastrous mistakes we have
made, blind us to what is going
on under the surface.**

Keynes (1930)

Steelworkers Form Collaboration with MONDRAGON, the World's Largest Worker-Owned Cooperative

The USW and MONDRAGON International S. A. today announce a framework agreement for collaboration in establishing MONDRAGON cooperatives in the manufacturing sector within the United States and Canada. "We see today's agreement as an historic first step toward making union co-ops a viable business model that can create good jobs, empower workers, and support communities," said the USW International President, Leo Gerard. Josu Ugarte, president of MCC, added: "What we are announcing today represents an historic first step--combining the world's largest industrial worker cooperative with one of the world's most progressive and forward-thinking manufacturing union."

Press Release, October 27, 2009