

# Class, Race and Corporate Power

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Volume 9 | Issue 1

Article 2

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2021

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### Recommended Citation

Wright, Chris (2021) "Marxism and the Solidarity Economy: Toward a New Theory of Revolution," *Class, Race and Corporate Power*. Vol. 9: Iss. 1, Article 2.

DOI: 10.25148/CRCP.9.1.009647

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# Marxism and the Solidarity Economy: Toward a New Theory of Revolution

## Abstract

In the twenty-first century, it is time that Marxists updated the conception of socialist revolution they have inherited from Marx, Engels, and Lenin. Slogans about the “dictatorship of the proletariat” “smashing the capitalist state” and carrying out a social revolution from the commanding heights of a reconstituted state are completely obsolete. In this article I propose a reconceptualization that accomplishes several purposes: first, it explains the logical and empirical problems with Marx’s classical theory of revolution; second, it revises the classical theory to make it, for the first time, logically consistent with the premises of historical materialism; third, it provides a (Marxist) theoretical grounding for activism in the solidarity economy, and thus partially reconciles Marxism with anarchism; fourth, it accounts for the long-term failure of all attempts at socialist revolution so far. In serving these functions, the revision I propose finally “modernizes” and corrects Marx’s conception of revolution.

## Keywords

Marxism, Classical Marxism, Solidarity Economy

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## Introduction

The death of Marxism has been announced so many times that it might seem anachronistic to reconsider Marx's ideas yet again.<sup>1</sup> In the twenty-first century, haven't we moved beyond Marxism? The answer, it seems, is no. For one thing, in recent years even the mainstream media has suggested that the ghost of Marx is haunting the world. Articles are published with headlines like "Why Marx was Right"<sup>2</sup> and "Marx's Revenge: How Class Struggle Is Shaping the World,"<sup>3</sup> and mainstream economists like Paul Krugman and Nouriel Roubini invoke Marxism to explain capitalism's current crisis. Radical thinkers such as David Harvey and Richard Wolff have become academic celebrities, and magazines like *Jacobin* are becoming more popular. In fact, a Gallup poll in 2019 found that young Americans have just as positive a view of socialism as of capitalism.<sup>4</sup> It seems, then, that reports of Marx's death have been greatly exaggerated.

It is worth asking why Marxism is so resilient. On the most basic level, the answer is that class struggle is indeed of central and perennial importance to human life. Since the emergence of social classes thousands of years ago, individuals' and groups' access to resources has been determined primarily by their positions in particular relations of production (or a "mode of production")—and of course access to resources is of unique importance to life, since it essentially determines one's ability to survive and to influence what happens in society. The way that economic production has worked since class structures emerged is that certain classes of people have, through various methods of "hard" and "soft" power, forced others to work for them, or rather to produce a surplus that can be appropriated by the privileged or those with power. Whether people have been *aware* of "forcing" others to work—or of being forced to work—is irrelevant; the point is that the system has functioned in such a way that some people have had to be slaves, serfs, wage-laborers, etc., while others have been slaveowners, landed aristocrats, capitalists, etc.—i.e., have profited off others' labor (due to asymmetrical power relations). Exploiters and exploited have thus confronted each other in a perpetual struggle, sometimes implicit and sometimes explicit, to have more power and resources. The profound explanatory power of this analytic framework explains why academic Marxism has for decades been relatively prominent even in a capitalist society.

Incidentally, a corollary of this emphasis on class struggle and class interests is equally valid: at least if *explanation* is one's goal, it is more fruitful to analyze "social being" than "consciousness." The former is more fundamental than the latter, in part because consciousness tends to be a sublimation of social being. That is to say, ideologies, discourses, subjective identities, thoughts and conceptions of all kinds are conditioned by such non-discursive things as economic realities, institutional imperatives (the need to follow the rules of given social structures), physical environments, and the basic necessities of biological survival to a far greater degree than the latter are conditioned by the former. This is true with respect to both individuals and collectivities. For

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<sup>1</sup> This article is a lightly edited version of chapter 4 of my book *Worker Cooperatives and Revolution: History and Possibilities in the United States* (published in 2014). The argument it sketches is extended and fleshed out in chapter 6, which can be read [here](#). My article "[Revolution in the Twenty-First Century: A Reconsideration of Marxism](#)" summarizes some of the main threads.

<sup>2</sup> Francis Wheen, *Financial Times*, March 27, 2011.

<sup>3</sup> Michael Schuman, *Time*, March 25, 2013.

<sup>4</sup> Lydia Saad, "[Socialism as Popular as Capitalism Among Young Adults in U.S.](#)," *Gallup*, November 25, 2019.

example, people in a particular social category will tend to have beliefs that legitimate their economic interests and institutional roles. Slaveowners may well believe that slavery is moral or divinely ordained; intellectuals will probably think that ideas or “discourses” are of tremendous importance in structuring the world;<sup>5</sup> capitalists will be prone to thinking that capitalism and greed are natural and good. But even if some people manage to be more mentally independent than the majority, that doesn’t matter much, because there are still overwhelming pressures for their *behavior* to conform to social structures and institutional norms. And these are situated in a material and economic context that is, on a broad scale, structured around the power and interests of a “ruling class” (consisting of those who occupy the dominant positions in a society’s dominant mode of production).

Thus, on the societal level too, consciousness and ideas are secondary to the configuration of production relations, the resultant distribution of resources, and institutional structures in general. Ideologies will tend to predominate that either legitimate or are compatible with the interests of those people who have the most control over the most resources, i.e., the ruling class. As Marx said, “the ideas of the ruling class are in every epoch the ruling ideas.” True understanding of social dynamics, therefore, necessarily exists on a materialist foundation.<sup>6</sup>

Aside from these general considerations, the obvious reason why Marxism keeps reappearing in the broader culture is that Marx was basically right in his analysis of capitalism: the economy is prone to crisis, class polarization has a pronounced tendency to increase (unless held in check by other forces), the working class tends to be relatively or absolutely immiserated, people in general are commodified and dehumanized in capitalist society, commodities are “fetishized,” and so forth. In fact, all it takes is an unbiased mind to see that Marxian perspectives on all facets of capitalism are extraordinarily penetrating: the writings of E. P. Thompson, Raymond Williams, Paul Sweezy, Paul Baran, Ernest Mandel, Harry Braverman, David Montgomery, Robert Brenner, Erik Olin Wright, Göran Therborn, Mike Davis, Thomas Ferguson, David Harvey, John Bellamy Foster, and innumerable other academic Marxists of the last seventy years are sufficient to prove this. And of course there are the writings of Marx and Engels themselves to consider, as well as of the second generation of Marxists (roughly Lenin’s generation). In short, there is no question that Marxism is here to stay.

Given the unique power of this intellectual system, it is wholly justified to reconsider what is perhaps its weakest aspect, its theory of revolution. Marxists have traditionally been hostile to worker cooperatives and the “solidarity economy” as a tool of revolution, but as we’ll see, a properly understood Marxism is in fact strategically *committed* to such institutions. Even more importantly, a reconsideration and modification of Marx’s theory of revolution will enable us to understand how a transition to socialism, or something like it, can happen, and what role cooperatives and other alternative “grassroots” institutions might play in that transition.

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<sup>5</sup> For critiques of idealism, see my [Notes of an Underground Humanist](#) (Bradenton, Florida: Booklocker, 2013), not to mention Marx’s own *The German Ideology*. My article “[The Significance and Shortcomings of Karl Marx](#)” is also relevant.

<sup>6</sup> *A priori* reasoning is sufficient to establish this claim, and thus to expose the superficiality of the entire tradition of liberal, idealist historical scholarship, from, say, Edmund Morgan in the 1940s to Jill Lepore today. But for an empirical substantiation, the reader could do worse than to consult the works of Noam Chomsky, for example [Understanding Power: The Indispensable Chomsky](#) (2002), a book that will teach you more about the workings of power than all the writings of Foucault put together.

These are big topics, and the discussion in this essay will necessarily be both wide-ranging and schematic. The main point that ties it all together is that I reject what I see as Marx's extreme statism, and I do so for reasons that I think are more faithful to Marxism than his own statist conception of the "dictatorship of the proletariat" is.<sup>7</sup> I find it astonishing, in fact, that, as far as I know, no one has ever appreciated the *un-Marxian* character of that conception, the fact that it doesn't follow logically from the basic premises of Marxism. Quite the contrary: one might even argue that, in many respects, the spirit of anarcho-syndicalism is closer to the essence of Marx's thought than Leninism and statism are. This isn't just an academic debate, by the way. For one thing, Marxists should know what they are logically committed to, and in what respects Marx got his own ideas wrong. It is also important to cleanse and update the theoretical system in order to keep it a *living force*, to salvage its insights and put them to use in our own urgent struggles.

My rejection of Marx's statism, i.e., his adherence (despite his internationalism) to the framework of the nation-state, leads to my argument that only in the twenty-first century are we finally entering the revolutionary period Marx and Engels looked forward to. That is, they got the timeline wrong: international socialist revolution never could have happened in the nineteenth or twentieth centuries, for reasons I explain later. Their impatience got the best of them. Only now is "the nation-state system" *beginning* to deteriorate—and global revolution never could have happened before this deterioration started. In part to explain why this is the case, and what it is about our contemporary world that makes it so much more pregnant with international revolutionary potential than the world of, say, a hundred-or-more years ago was, I briefly review the "historical logic" of the evolution of capitalism and the nation-state into the neoliberal present. On the most abstract level, one can view the last 150 years or so in the West as consisting of, first, a relatively "pure" and "unregulated" capitalism that, through the conflicts it engendered between labor and capital (and the resultant economic crises of "underconsumption" and "overproduction"), necessitated the birth of the regulated Keynesian welfare state, in the heyday of the nation-state era of history between the 1930s and 1970s. This period was the interregnum, so to speak, between the first era of semi-"pure" capitalism and the second, which began in the 1980s and has continued to the present. As before, the relative lack of robust government economic regulation and the disempowerment of organized labor are leading to extreme social discontent and economic crisis/stagnation. This time, however, the old nationalist Keynesian "compromise" is not a possible solution, because the nation-state system is succumbing to the disintegrating effects of transnational capital.

So, the current decline of the nation is the world-historic development that, together with the emerging period of global economic stagnation, will make possible a (very protracted) social revolution—centered not only around the national state but also around grassroots movements, locally emergent cooperative modes of production, and transnational coordination of anti-capitalist resistance. It was always inevitable that *this* was how the revolution would happen, as opposed to un-Marxian fantasies of "the working class" (not a unitary entity) taking over national

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<sup>7</sup> This is a highly contested term, but under the pen of Engels and most succeeding Marxists it tended to be given a distinctly statist interpretation. This is surely the most natural interpretation—after all, the concept is an explicitly political one—even if we grant that the word "dictatorship" didn't have the connotations for Marx that it does for us today. See Hal Draper, "The 'Dictatorship of the Proletariat' in Marx and Engels," at <https://www.marxists.org>.

governments and directing economic reconstruction from above. Such a proletarian dictatorship has never happened and never can happen, as follows from the premises of Marxism itself.

After setting out this theoretical framework, I consider its implications in practice. My focus here is not on worker cooperatives, since I discuss those in other chapters of the book on which this essay is based, but on things like municipal enterprise and participatory budgeting. I argue that these may be the seeds of the new economy, the post-capitalist society that will germinate in the next century or so. After reviewing a few of these initiatives, I conclude the essay by considering why states and ruling classes will allow the “revolution” to happen despite its anti-capitalist character. At certain points I draw parallels with the earlier transition in Western Europe from feudalism to capitalism. I think that if we examine that earlier revolution carefully, we’ll find clues as to how the future may unfold.

## Theory

Marx has, in effect, two theories of revolution, one that applies only to the transition from capitalism to socialism and another that is more transhistorical, applying, for instance, also to the earlier transition between feudalism and capitalism. I will consider, and revise, each of these in turn. Both see the working class as the agent of transition to a post-capitalist economy. Whatever Marx meant by “working class,” in the following I will interpret the term broadly, as denoting the majority of wage-earners—except those whose high income, high managerial positions, ownership of stocks, and so on effectively align them with the capitalist rather than the working class. It has long been known that many people in modern society, especially those in the “middle class,” have contradictory class locations, sharing some interests with capitalists and others with low-wage workers. This is what makes it possible for the middle class sometimes to act in radical ways and other times in reactionary ways.<sup>8</sup> Typically, in fact, the middle class has been the conservative bastion of social order; nevertheless, the wage-earning status of most of its members always holds out the possibility that someday they will act in radical opposition to those who own capital. If they lose their middle-class status, whether through economic crisis or some other cause, this possibility becomes more likely.

Among the people who will or can serve as the agents of transition to a new society are, for example, industrial workers, clerical workers, low-wage service workers, a majority of teachers, the unemployed, and in general those people who are relatively disempowered by corporate capitalism or have grievances that can be remedied by a dismantling of capitalism. This category of people in fact also includes others whom Marx might not consider working-class: most students, peasants, dispossessed indigenous peoples, even environmental activists (for such activism is really part of the class struggle, the struggle against the predatory capitalist class). All these people and more, the totality of whom amounts to the large majority of humanity, have interests opposed to the profit-making, environmentally destructive, humanly exploitative, universally commodifying, undemocratic imperatives of corporate capital, and therefore are effectively the

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<sup>8</sup> See, e.g., Robert Johnston, *The Radical Middle Class: Populist Democracy and the Question of Capitalism in Progressive-era Portland, Oregon* (Princeton: Princeton University Press, 2003); Christopher Lasch, *The True and Only Heaven: Progress and Its Critics* (New York: Norton, 1991); and Lewis Corey, *The Crisis of the Middle Class* (New York: Covici Friede, 1935).

“workers of the world” whom Marx called to “unite.” This is how we should interpret his call in the twenty-first century.

Let’s consider, then, the basics of his theory of how capitalism will give way to socialism. The pivot of the theory is capital’s unquenchable thirst for profit, for surplus-value. It seeks always to squeeze more surplus-value out of the worker, which is to say value for which the worker does not receive an equivalent in wages.<sup>9</sup> This entails the reduction of wages to as low a level as possible (given societal conditions, workers’ power, the skill-level of the job, etc.) and the intensification of work to as high a level as possible. Capital invests its earnings in labor-saving, money-saving schemes like mechanization, ever-increasing automation so as to employ fewer workers, especially fewer skilled ones, control them more effectively, and generate more profit. At the same time, it expands its operations and puts less profitable competitors out of business. These failed competitors—who historically have included artisans, craftsmen, much of the petty-bourgeoisie, and many capitalists themselves—are forced to become wage-earners as the relatively few surviving capitalists acquire more money and power. Most of the peasantry, too, is eventually forced off the land through myriad pressures of “push” and “pull,” swelling the ranks of the working class. The “reserve army of the unemployed” also tends to grow, in part because periodic economic crises throw people out of work and shutter unprofitable businesses. Without delving into Marxian economics, we can say that these are typically crises of overproduction and/or underconsumption, the latter a product of the endemic drive to lower wages and employ as few workers as possible. That is to say, low aggregate demand leads to disincentives for business to invest and incentives to cut costs, which means laying off workers and paying them less, thus aggravating the macroeconomic problem.<sup>10</sup> The end-result of all these tendencies, at least according to Marx’s ideal model, is that the working class and the unemployed population become larger and poorer, while the capitalist class gets smaller (at least relatively) and wealthier. Society becomes increasingly divided into two polarized classes. Workers’ self-interest and collective grievances impel them to fight together for their power and dignity: they form unions and other associations, some of them political, that train them in struggle and radicalize them. Because their demands can ultimately not be met in the framework of capitalism, at length they seek to take over the state so as to remake the economy along democratic, i.e. socialist, lines. Marx thinks that eventually they are destined to succeed, if only because of their overwhelming numbers and their decades of organizing themselves.

To repeat, this is an ideal model and therefore, like all models, a simplification. The question is how closely it resembles reality. The answer appears to be: in some respects very much so, in

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<sup>9</sup> This controversial theory of surplus-value is really nothing but common sense, like most of Marxism. If a worker’s wages were equivalent to all the value he produces in the form of a product that goes on the market, the capitalist couldn’t make any profit. He obtains a surplus value over and above what he pays for workers and equipment. On Marxian economics, see, among innumerable others, Ernest Mandel, *Marxist Economic Theory* (London: The Merlin Press, 1968); Paul Sweezy, *The Theory of Capitalist Development: Principles of Marxian Political Economy* (New York: Monthly Review Press, 1942); and David Harvey, *The Limits to Capital* (Chicago: University of Chicago Press, 1982).

<sup>10</sup> See, e.g., David Harvey, *The Enigma of Capital* (New York: Oxford University Press, 2011) and Richard Du Boff, *Accumulation and Power: An Economic History of the United States* (New York: M. E. Sharpe, Inc., 1989). On the concept of overproduction, see Robert Brenner, *The Economics of Global Turbulence: The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945-2005* (New York: Verso, 2006). He departs from orthodox Marxian economics, though.

others not. In particular, the analysis of how capitalism works seems clearly to be an accurate, if idealized, model of definite tendencies in the real world. On the other hand, the prediction of radicalization of the masses—their increasing class-consciousness—and eventual overthrow of the capitalist state has not been fulfilled. Before considering these matters in greater depth, however, I'll describe Marx's "second" theory of revolution, the transhistorical theory.

Its *locus classicus* is this passage from Marx's Preface to *A Contribution to the Critique of Political Economy*:

...At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or—this merely expresses the same thing in legal terms—with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure.

There are several problems with the theory as expressed here. First of all, it is clearly the barest of outlines, desperately in need of elaboration. Unfortunately, nowhere in Marx's writings does he elaborate it in a rigorous way. Second, it is stated in functionalist terms. Revolution happens supposedly because the productive forces—i.e., technology, scientific knowledge, labor-power and labor skills, and technical methods of work organization—have advanced to such a point that production relations are no longer compatible with their socially efficient use and development. But what are the *causal mechanisms* that connect this functionalist concept of "fettering of the productive forces" to social revolution? As far as I know, nowhere does Marx express his theory in causal, as opposed to functionalist, terms.<sup>11</sup>

Perhaps the biggest problem is that, as it is stated above, the theory verges on meaninglessness. How does one determine when production relations have started to impede the use and development of productive forces? It would seem that to some extent they are *always* doing so. In capitalism, for example, one could point to the following facts: (1) recurring recessions and depressions periodically make useless much of society's productive capacity; (2) enormous amounts of resources are wasted on socially useless advertising and marketing campaigns; (3) there is a lack of incentives for capital to invest in public goods like mass transit, the provision of free education, and public parks; (4) the recent financialization of the Western economy has entailed investment not in the development of infrastructure but in glorified gambling that scarcely benefits society; (5) artificial obstacles such as intellectual copyright laws hinder the development and diffusion of knowledge and technology; (6) a colossal level of expenditures is devoted to war and destructive military technology; (7) in general, capitalism distributes resources in a profoundly irrational way, such that, for example, hundreds of millions of people starve while a few become multi-billionaires. Despite all this, however, no successful revolution has happened.

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<sup>11</sup> The functionalism of certain hypotheses in the corpus of historical materialism has been criticized by the modern school of Analytical Marxism; see G. A. Cohen's discussion in his classic [\*Karl Marx's Theory of History: A Defence\*](#) (1978). I hope to show, at least in outline, that this functionalism can be dispensed with.



Indeed, in other respects capitalism continues to develop productive forces in a striking way, as shown by recent momentous advances in information technology. It's true that—contrary to the fantasies of “free market” enthusiasts—this technology was originally developed in the state sector;<sup>12</sup> nevertheless, the broader economic and social context was and is that of capitalism. It is clear, therefore, that a mode of production can “fetter” and “develop” productive forces *at the same time*, a fact Marx didn't acknowledge.

In order to salvage his hypothesis quoted above, and in fact to make it quite useful, a subtle revision is necessary. We have to replace his idea of a conflict between productive forces and production relations with that of a conflict between *two sets of production relations, one of which uses productive forces in a more rational and “un-fettering” way than the other*. This change, slight as it might seem, has major consequences for the Marxist theory of revolution. It is no exaggeration to say that, in addition to making the theory logically and empirically cogent, it changes its entire orientation, from advocating a “dictatorship of the proletariat” that plans social and economic reconstruction to advocating a semi-grassroots, long-term evolution of social movements that remake the economy and society from the ground up (albeit with the crucial aid of incremental changes in state policy). I will also argue that my revision makes the theory finally compatible with the basic premises of Marxism itself, and that a statist version of Marxism, such as Leninism, is un-Marxist, idealistic, and unrealistic.

My revision to the theory, then, is simply that at certain moments in history, new forces *and relations* of production evolve in an older economic and social framework, undermining it from within. For different reasons in different cases, the new production relations spread throughout the society, gradually overturning the traditional economic, social, political, and cultural relations, until a more or less new social system has evolved. This happened, for example, with the Neolithic Revolution (or Agricultural Revolution), which started around 12,000 years ago. As knowledge and techniques of agriculture developed that made possible sedentary populations, the hunter-gatherer mode of production withered away, as did the ways of life appropriate to it.

Likewise, starting around the thirteenth century in parts of Europe, an economy and society organized around manorialism and feudalism began to succumb to an economy centered around the accumulation of capital. Several factors contributed to this process, among them (1) the revival of long-distance trade (after centuries of Europe's relative isolation from the rest of the world), which stimulated the growth of merchant capitalism in the urban interstices of the feudal order; (2) mercantile support for the growth of the nation-state with a strong central authority that could dismantle feudal restrictions to trade and integrated markets; (3) the rise, particularly in England, of a class of agrarian capitalists who took advantage of new national and international markets (e.g., for wool) by investing in improved cultivation methods and enclosing formerly communal lands to use them for pasturage; (4) the partly resultant migration of masses of the peasantry to cities, where, during the centuries from the sixteenth to the nineteenth, they added greatly to the class of laborers who could be used in manufacturing; (5) the discovery of the Americas, which further stimulated commerce and the accumulation of wealth. In short, from the thirteenth to the nineteenth centuries, capitalist classes—mercantile, financial, agrarian, and industrial—emerged in Europe, aided by technological innovations such as the printing press and then, later on, by all

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<sup>12</sup> See Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (New York: Anthem Press, 2015).

the technologies that were made possible by the Scientific Revolution of the seventeenth century. All this is just to say that in the womb of the old society, new productive forces and production relations evolved that were more dynamic and wealth-generating than earlier ones. Moreover, on the foundation of these new technologies, economic relations, and scientific discourses arose new social, political, and cultural relations and ideologies that were propagated by the most dynamic groups with the most resources, i.e., the bourgeoisie and its intellectual hangers-on.<sup>13</sup>

It is true that numerous political clashes had to occur before the rising bourgeoisie could achieve hegemony over Europe. Both the feudal aristocracy and absolutist monarchies opposed the bourgeois doctrines of economic and political liberalism, such that a series of revolutions was necessary before the bourgeoisie could accede to political power. The point relevant to the following discussion is that once capitalist economic relations had reached a relatively mature and widespread level—aided, significantly, by a “non-capitalist” absolutist state—the ultimate political victories of the capitalist class were inevitable, if only because of this class’s continuing growth and access to more resources than its opponents had. Even more pertinently, it was *only* when capitalist economic relations had already made significant progress that bourgeois political revolutions were possible.<sup>14</sup>

We should apply the lessons of the transition from feudalism to capitalism to the future transition from capitalism to post-capitalism. This, too, will have to happen in a very gradual way, as new production relations sprout (initially) in the “interstices” of a decaying order. Briefly stated, one can expect that capitalism’s descent into long-term crisis (or stagnation) will generate—or rather, is generating—movements of resistance across the world, many of which will be devoted to establishing new cooperative modes of production and distribution that will assist millions of the unemployed and the cast-off in their tasks of survival. Explicitly political anti-capitalist resistance will spread too, but it cannot possibly attain the summits of political power without having command over tremendous resources, sufficient resources to compete against the ruling class. An important way of acquiring such resources is by accumulating capital through business activities, such as cooperatives and some other “solidarity economy” institutions do. Thus, just as the bourgeoisie could not achieve power before the capitalist economy had made inroads across Europe, so the working class cannot take over political power on a broad scale before its own economic institutions, its “socialist” institutions, have partially remade the world economy. Sooner or later, durable alliances will have to be made between the solidarity economy and political movements if the latter are to succeed in their ultimate objectives. On a global level this process can be expected to take at least a century or two.

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<sup>13</sup> Among many others, see Phyllis Deane, *The First Industrial Revolution* (New York: Cambridge University Press, 1979); Robert Brenner, “The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” *New Left Review* I/104, July-August 1977, 25-92; Rodney Hilton, ed., *The Transition from Feudalism to Capitalism* (London: New Left Books, 1976); T. S. Ashton, *The Industrial Revolution, 1760-1830* (Westport, CT: Greenwood Press, 1986); Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (New York: Verso, 1994); and Robert Allen, *The British Industrial Revolution in Global Perspective* (New York: Cambridge University Press, 2009).

<sup>14</sup> There is a large scholarly literature addressing the nature of “bourgeois revolutions,” including even the question whether there have been such things at all, but these controversies are of little relevance here. What matters is that the bourgeoisie did eventually achieve total political power, defeating its aristocratic rivals.

Before examining these ideas in more detail, it is worth reviewing the advantages of the revision I've made to Marx's theory of revolution. Again, my argument is just that social revolution happens when an old set of production relations fetters—or irrationally uses—productive forces *in relation to a new set of widely emerging production relations*. The “*in relation to...*” that I have added saves the theory from meaninglessness, for it indicates a definite point at which the “old” society really begins to yield to the “new” one, namely when an emergent economy has evolved to the point that it commands substantial resources, is highly visible, and is clearly more systemically “rational” than the old economy. Whether this hypothesis applies to *all* social revolutions is a question I won't consider; the point is that it does apply to some, and it will surely apply to any transition between capitalism and cooperativism.

Another advantage of my revision is that it supplies a *causal mechanism* by which a particular mode of production's “fettering of the productive forces” leads to revolution—indeed, to *successful* revolution. The mechanism is that the emergent mode of production, in being less dysfunctional and/or more “efficient” than the dominant mode, eventually (after reaching a certain visibility) attracts vast numbers of adherents who participate in it and propagandize for it—especially if the social context is one of general economic stagnation and class polarization, due to the dominant mode of production's dysfunctionality. Moreover, this latter fact means that, after a long evolution, the emergent economic relations and their institutional partisans will have access to so many resources that they will be able to triumph economically and politically over the reactionary partisans of the old, deteriorating economy. Again, this is what ultimately ensured the political success of the bourgeoisie in its confrontations with the feudal aristocracy. Similarly, if capitalism continues to stagnate and experience manifold crises, this will ensure the global victory of a cooperative mode of production that will have developed over generations in the interstices of capitalist society.

In short, my revision provides a necessary condition for the success of an anti-capitalist revolution, and thus, as we'll see in a moment, helps answer the old question of why no anti-capitalist revolution so far has been successful in the long term (namely because the condition has been absent). Another way of seeing the implications and advantages of the revision is by contrasting it with the views of orthodox Marxists. A single sentence from Friedrich Engels sums up these views: “The proletariat seizes state power, and then transforms the means of production into state property.”<sup>15</sup> This statement, approved by Lenin and apparently also by Marx, encapsulates the mistaken statist perspective of the orthodox Marxist conception of proletarian revolution. This perspective is briefly described in the *Communist Manifesto*, where Marx writes “The proletariat will use its political supremacy to wrest, by degree, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the State, i.e., of the proletariat organized as the ruling class,” and then lays out a ten-point plan of social reconstruction by means of state decrees. By the 1870s Marx had abandoned the specifics of his earlier plan, but his statism remained, and transmitted itself to his followers.<sup>16</sup> It's true that orthodox Marxists expect the state, “as a state,”

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<sup>15</sup> Quoted in Lenin, *State and Revolution* (New York: International Publishers, 1969), 15.

<sup>16</sup> See, e.g., *ibid.*, 51, 52. Marx's pamphlet *The Civil War in France*, written in 1871, expresses an attitude close to anarchism, but it's not clear that this essay is a direct statement of his considered views. To a great extent it had to be a eulogy for the Commune and a defense of it against its bourgeois critics, not just a neutral discussion of what it did right and wrong. Elsewhere, Marx is critical of the Commune.

to somehow wither away eventually, but they do have a statist point of view in relation to the early stages of revolution.

This statist vision emerges naturally from both of Marx's theories of revolution discussed above: from the first one, because Marx simply assumes that the only way to make a socialist revolution is to, *first*, completely take over the national government; from the second, because the idea of a conflict between the rational use and development of productive forces and the fettering nature of current production relations suggests that at some point a social "explosion" will occur whereby the productive forces are finally liberated from the chains of the irrational mode of production. Pressure builds up, so to speak, over many years, as the mode of production keeps fettering the socially rational use of technology and scientific knowledge; through the agency of the working class, the productive forces struggle against the shackles of economic relations; at length they burst free, when the working class takes over the state and reorganizes the economy. These are the metaphors naturally conjured by the passage quoted above from the Preface to *A Contribution to the Critique of Political Economy*.

But there are logical and empirical problems with this statist view that has dominated Marxist thinking, the view according to which the substance of social revolution occurs *after* the seizure of state power. First of all, it is in tension with the Marxian conception of social dynamics. Briefly stated, Marx sees the economy—rightly—as the relative foundation of the rest of society, including the political sphere, which suggests that a post-capitalist social revolution cannot be politically willed and imposed. This would seem to reverse the order of "dominant causality," from politics to the economy rather than vice versa. Moreover, such extreme statism exalts *will* as determining human affairs, a notion that is quite incompatible with the dialectical spirit of Marxism. History really happens "behind the backs" of actors: it evolves "unconsciously," so to speak, as Hegel understood. Social and institutional conflicts work themselves out, slowly, through the actions of large numbers of people who generally have little idea of the true historical significance of their acts. As Marx said, we should rarely put credence in the self-interpretations of historical actors (because they are constrained and influenced by objective institutional realities of which they're little aware or which they interpret incorrectly).<sup>17</sup> And yet he apparently suspends this injunction, and his whole dialectical method, when it comes to the so-called proletarian revolution. *These* historical actors are somehow supposed to have perfect understanding of themselves and their place in history, and their historical designs are supposed to work out perfectly and straightforwardly—despite the massive complexity and "dialectical contradictions" of society.

The reality is that if "the working class" or its ostensible representatives seize control of the state in a predominantly capitalist society—and if, miraculously, they aren't crushed by the forces of reaction—they can expect to face overwhelming obstacles to the realization of their revolutionary plans. Some of these obstacles are straightforward: for example, divisions among the new ruling elite, divisions within the working class itself, popular resistance to plans to remake the economy, the necessity for brutal authoritarian methods of rule in order to force people to accept the new government's plans, the inevitable creation of a large bureaucracy to carry out so-called reconstruction, etc. Fundamental to all these obstacles is the fact that, in this scenario, *the*

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<sup>17</sup> On the importance of objective institutional contexts to, e.g., the course of mass movements, see Frances Fox Piven and Richard A. Cloward, *Poor People's Movements: Why They Succeed, How They Fail* (New York: Vintage Books, 1979).

*revolutionaries have to contend with the institutional legacies of capitalism:* relations of coercion and domination condition everything the government does, and there is no way to break free of them. They cannot be magically transcended through political will. In particular, it is impossible through top-down directives to transform production relations from authoritarian to democratic; Marxism itself would seem to suggest that the state is not socially creative in this radical way. The hope to reorganize exploitative relations of production into emancipatory, democratic relations by means of bureaucracy and the exercise of a unitary political will—the “proletarian dictatorship”—is utterly utopian, idealistic, and un-Marxist.

The record of so-called Communist revolutions in the twentieth century is instructive. While one can expect some Marxists to deny that lessons should be drawn from these revolutions, since they happened in relatively “primitive” rather than advanced capitalist countries, the experiences are at least suggestive. For what they created in their respective societies was not socialism (popular democratic control of the economy) or communism (a classless, stateless, moneyless society of anarchistic democracy) but a kind of ultra-statist state capitalism. To quote the economist Richard Wolff, “the internal organization of the vast majority of industrial enterprises [in Communist countries] remained capitalist. The productive workers continued in all cases to produce surpluses: they added more in value by their labor than what they received in return for that labor. Their surpluses were in all cases appropriated and distributed by others.”<sup>18</sup> Workers continued to be exploited and oppressed, as in capitalism; the accumulation of capital continued to be the overriding systemic imperative, to which human needs were subordinated. While there are specific historical reasons for the way these economies developed, the general underlying condition was that *it was and is impossible to transcend the capitalist framework if the political revolution takes place in a capitalist world*, ultimately because the economy dominates politics more than political will can dominate the economy.

In any case, it was and is breathtakingly utopian to think that an attempted seizing of the state in an advanced and still overwhelmingly capitalist country, however crisis-ridden its economy, could ever succeed, because the ruling class has a virtual monopoly over the most sophisticated and destructive means of violence available in the world. Even rebellions in relatively peripheral countries have almost always been crushed, first because the ruling classes *there* had disproportionate access to means of violence, and second because the ruling classes in more advanced countries could send their even more sophisticated instruments of warfare to these countries in order to put down the revolution. But if a massive insurrection—or even an *electorally* grounded left-wing takeover of the state—happened in one of the core capitalist nations, as opposed to a peripheral one, the reaction of ruling classes worldwide would be nearly apocalyptic. They would likely prefer the nuclear destruction of civilization to permitting the working class or some radical subsection of it to completely take over a central capitalist state and dismantle big business.

My revision of Marx’s theory of revolution avoids all these problems while still retaining key insights about the inevitable causes of revolution. It is obvious that any transition to a new society, if carried out largely through the agency of the oppressed masses (which it will have to be), will be a consequence of capitalism’s socially irrational distribution of resources and fettering of the productive and democratic potential of current “forces of production.” If used sensibly, there is no

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<sup>18</sup> Richard Wolff, *Democracy at Work: A Cure for Capitalism* (Chicago: Haymarket Books, 2012), 109.

question that modern wealth, technology, and scientific know-how could make possible adequate shelter, sustenance, and security for billions more people than currently enjoy them. An anti-capitalist revolution will be motivated by the imperative to redress these (and other) inequalities and injustices, and it will necessarily take the form of instituting new, more democratic property and production relations. Whether such a revolution is “inevitable,” as Marx and Engels seem to have believed, is a question I will consider later. I will also consider the reasons why the state and the ruling class will allow a revolution of the “gradual” sort I have described to happen. The point is that the only possible way—and the only *Marxist* way—for a transition out of capitalism to occur is that it be grounded in, and organized on the basis of, the new, gradually and widely emerging production relations themselves. This is the condition that has been absent in all attempts at revolution so far, and it explains why, aside from a few isolated pockets of momentary socialism (such as Catalonia in 1936), they never managed to transcend a kind of state capitalism. They existed in a capitalist world, so they were constrained by the institutional limits of that world.

Ironically, Marx understood that this would be the case unless the revolution was international. He understood that “socialism in one country” is impossible. He knew that unless an insurrection in, say, Russia triggered or coincided with insurrections elsewhere, which on an international scale worked together, so to speak, to build a socialist mode of production, it was doomed to failure. What he didn’t understand was that the only way a revolution can be international is that it happen in a similar way to the centuries-long “capitalist revolution” in Europe and North America, namely by sprouting on the local level, the municipal level, the regional level, and expanding on that “grassroots” basis—while aided, to be sure, by progressive changes in state policy. The hope that the states and ruling classes of many nations can fall at approximately the same time to a succession of national uprisings (whether electoral or not)—which is the only way that Marx’s conception of revolution can come to pass—is wildly unrealistic, again because of the nature of capitalist power dynamics that Marxism itself clarifies.

Indeed, only recently has capitalism attained the truly globalized condition that Marx assumed was a necessary prerequisite for revolution. While there are good reasons to say that the USSR and Communist China before the 1980s or 1990s were in some respects state capitalist, their “capitalism” was very different from the competitive, market-driven system that is impelled by economic logic to expand and spread its dominion over the planet. *This* capitalism, which Wolff calls “private [as opposed to state] capitalism,” has only in the last forty years spread to huge areas of the world that had for a long time managed to hold it at bay. In addition to China, the USSR, and Eastern Europe, much of Latin America and Africa until the 1990s remained outside the domain of capitalist relations of production, defined by the presence of a mass of people who own nothing but their labor-power and are consequently forced to seek employment with those who own the means of production. The absence of these production relations was the result of many factors, for instance popular and elite reactions against the predatory liberal capitalism and imperialism of the late nineteenth and early twentieth centuries.<sup>19</sup> In other cases, such as parts of

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<sup>19</sup> To take one example, the Mexican Revolution of 1910–20—whose political and social legacies lasted until late in the twentieth century—was in some respects a reaction against liberal capitalism. See Alan Knight, “The Mexican Revolution: Bourgeois? Nationalist? Or just a ‘Great Rebellion?’” *Bulletin of Latin American Research* 4 (1985): 1–37; Friedrich Katz, *The Secret War in Mexico: Europe, the United States, and the Mexican Revolution* (Chicago: University of Chicago Press, 1981); and Leslie Bethell, ed., *Mexico Since Independence* (Cambridge: Cambridge University Press, 1991).

Central America, it was the result of international capitalism's *shoring up* domestic semi-serfdom, by means of the peculiar incentive structures created by "merchant capitalism" and the international division of labor (whereby some countries export raw materials, others export finished products).<sup>20</sup> Finally by the 1980s and 1990s, all this semi-capitalism, semi-feudalism, peasant resistance to proletarianization, state ownership of industries, and so on gave way to neoliberal offensives of privatization and marketization, such that the capitalist mode of production and its corresponding property relations have by now virtually conquered the world and are creating a truly global "proletariat" (or "precarariat"). As they do so, resistance spreads and intensifies.

In order to understand what is likely to happen in the next fifty and a hundred years, it is useful to contextualize the historical moment we're living in. And to properly understand its context, it helps to resurrect an old, currently unfashionable idea, viz., that there is a kind of *logic* to history. That is, we should return to Marx's Hegelian notion that history, on the broadest scale, unfolds according to a certain semi-"necessity," which is always evident in retrospect. This idea is commonly rejected nowadays, even by leftists, for two main reasons: first, it seems to deny that individuals have the power to shape history, that they are active agents in the historical process, instead treating them as mere tools of an impersonal historical "Reason"; second, it seems to valorize this Reason as being synonymous with "Progress" in some quasi-moral sense, implying (supposedly) that, e.g., the rise of Europe in modern times was both inevitable and good, and that people who resisted such things as industrial capitalism were benighted and backward, the enemies of progress.<sup>21</sup> The result of these misinterpretations is that few writers now are interested in excavating the structural tendencies, the dialectical self-undermining, the logic of "the emergence of the new within the shell of the old" by which historical phases have yielded to their successors. Radical authors like Richard Wolff, David Schweickart, and Michael Albert have largely abandoned Marx's quasi-"scientific" conception of socialism, according to which socialism not only *should* but *will* happen (by means of class struggle); their approaches to the subject are not so much *historical* as *ethical*. We should resurrect Marx's historical approach—which follows Hegel's in seeing the "truth," the "meaning," of the past as revealed by the present and future—in the process correcting his mistakes.<sup>22</sup>

Consider Marx's predictions that the impoverished working class would continue to expand until it constituted the majority of society, and that as it did so its class consciousness and radicalism would mature—internationally—to the point that world revolution would occur. In retrospect, we

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<sup>20</sup> Robert Brenner, "The Origins of Capitalist Development."

<sup>21</sup> There is a third reason that, as a dissident member of the historical profession, I can't help pointing out: contemporary humanistic intellectuals, influenced by postmodernism, tend to insist on contingency, particularity, individual agency, etc., elevating recognition of these concepts into the supreme virtue of a good historian. This hyper-specific "humanistic" focus deflects attention from institutional and systemic dynamics, which is to say the *logic* of historical development.

<sup>22</sup> I don't have space to go into dense detail on these points, but they're fairly intuitive anyway. Institutional contexts determine that certain developments are possible, others impossible, and others highly probable or even inevitable. For example, anyone who has studied European history between the 1880s and 1910s knows that a cataclysmic war was, sooner or later, inevitable or nearly so; in 1887 Friedrich Engels even predicted it, with astonishing accuracy (all the way up to the number of soldiers killed: "eight to ten million" he said, when it turned out to be 9.7 million. See James Joll and Gordon Martel, *The Origins of the First World War* (New York: Routledge, 2013), 264). In short, with hindsight, one gets a broader perspective on evolving political-economic dynamics, as the present and future emerge organically from the past.

can see that he was wrong; he misunderstood capitalist society. While there are indeed tendencies toward class polarization, impoverishment of workers, international class solidarity, and economic crisis, there are also tendencies toward assimilation of the working class into the dominant order, toward “pure and simple trade-unionism,” toward the state’s stabilizing management of the economy, and toward workers’ identification not only with the abstract notion of a social class that spans continents but also with the more concrete facts of ethnicity, race, occupation, immediate community, and nation. These identifications make possible the working class’s fragmentation, which diminishes the likelihood of socialist revolution in the classical sense. Similarly, the historical successes of unionism obviated the necessity (from the proletariat’s perspective) of revolution; reform was sufficient, at least in the short term, to improve the life situations of a large proportion of workers. Thus was born twentieth-century social democracy and collective bargaining.

Marx was right that the capitalist class is averse to progressive initiatives like these, and that it has inordinate influence over the state; *what he didn’t appreciate was the historic potential of divisions within the class*. The research of Thomas Ferguson, for example, has shown that the “second New Deal” (in 1935) in the United States, which led to the welfare state and federal protection of collective bargaining, was made possible by divisions in capitalist ranks between labor-intensive, domestically oriented, protectionist businesses, such as those in the textile industry, and capital-intensive, internationally oriented businesses, such as Standard Oil and General Electric. The former were viciously opposed to labor-empowering measures like the 1935 Wagner Act, while the latter, who valued social stability more than savage repression of workers, in fact helped *write* the Wagner and Social Security Acts.<sup>23</sup> Their support for Franklin Delano Roosevelt and the New Deal order made the U.S. welfare state possible (as did, in another sense, the struggles of millions of workers). The welfare state—and the institutionalization of collective bargaining—in turn contributed to postwar economic and political stability, which for a while seemed to invalidate Marx’s pessimistic analysis of capitalism. Unions became part of the “establishment”; much of the white working class became increasingly conservative, alienated from movements for radical social change, and intellectuals decided that Marx had been totally wrong all along.

In reality, though, what he was wrong about was the *timeline*, as I said earlier. It was impossible for capitalism to succumb to socialism in the nineteenth or twentieth centuries. Suppose, for instance, that by some unimaginable miracle Friedrich Engels’ eager prophecies (in the 1880s) with regard to the American union the Knights of Labor had been borne out. Aware of its experiments in cooperativism, its attempts at industrial unionism, and its radical rhetoric, Engels predicted it would serve as midwife of a revolutionary class consciousness and class organization that would lead the workers to victory over capitalism. This couldn’t have happened, of course, for obvious reasons. (The ruling class had a monopoly over the means of violence; the courts, ultra-reactionary, erected every conceivable obstacle to the advance of organized labor;<sup>24</sup> divisions in the working class, between black and white, skilled and unskilled, immigrant and non-immigrant, precluded the necessary continent-wide unity.) But suppose capitalism had been overthrown in the United States in the late 1880s or 1890s and a semi-cooperative “republic of

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<sup>23</sup> Thomas Ferguson, *Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems* (Chicago: University of Chicago Press, 1995).

<sup>24</sup> William E. Forbath, *Law and the Shaping of the American Labor Movement* (Cambridge: Harvard University Press, 1991).



labor” had been founded, with artisans in their small workshops connected through cooperative networks, public control of industry, consumer cooperatives proliferating around the nation. What would have happened then? Capitalists in Europe would have continued amassing profit, investing in mechanization, building up industry and technology, and the artisans, craftsmen, and self-governing industrial workers in the U.S. would have been, in the long run, unable to compete with them. In the end, the U.S.’s proto-socialism would have eroded due to competition from Europe, and a degeneration to capitalism would have taken place, much as it did later in the Soviet Union. What this would have proven is that America’s proto-socialist adventure, like the USSR’s so-called “state socialism,” was a historical detour, a kind of accident.

Economic conditions—and productive forces—simply were not “ripe” then, or in the twentieth century, for international socialism. It is appalling to contemplate the irony of this fact. It’s an absurd, senseless tragedy: millions of people in the Americas, in Russia and China, in Germany, in France, in Spain and Italy and dozens more countries spending decades fighting and dying for a dream that would never have come to fruition anyway because, supposing they had achieved something like it in a particular region, such as Catalonia, and it had not been crushed by the forces of reaction, it would have slowly degenerated under market pressures from the broader capitalist society, pressures on wages—downward for the lower workers, upward for the higher—pressures to automate, and the business cycles that inevitably would have seeped in to these havens of cooperation and disturbed the order of things, and of course after the revolutionary fervor had subsided the usual daily problems of running factories would have cropped up, “alienation” would have returned because industrial work is inherently unpleasant, battles between management and the average worker would have spoiled the revolution. [Mondragon’s](#) recent history confirms these counterfactual claims. So, the irony is shockingly cruel: it is when capitalist industrialization was *starting*, precisely when socialism was least possible, that workers, artisans, peasants, and intellectuals fought with greatest heroism and determination for socialism. Industrialization was so brutal and so conducive to the lower classes’ radicalization that visions of, and struggles for, a cooperative society were inevitable everywhere. But they did not have the significance their participants thought they did. They were, so to speak, symptoms of the birth-pangs of industrial capitalism, not of its death-throes. Or, to view the matter from a different perspective, they were—in the long run—symptoms of the (brutal, conflict-ridden) maturation and consolidation of the nation-state, not of the imminent overcoming of capitalism. A global system structured around state-capitalist nation-states was always the inevitable outcome, despite the utopian hopes of millions of oppressed people.

This, indeed, is another way of expressing Marx’s mistake: *political* conditions were not ripe for international socialist revolution. Marx didn’t foresee the “mature nation-state” period of history, which is to say the twentieth century. He profoundly underestimated the power of the “nationality” principle, and of the state. In many ways he was right that the class principle is more important than the nation principle, but not in the way he wanted: *business* tended to be more loyal to class than to the nation, and it used the idea of nationality to divide the working class and maintain social control. (For example, big business subsidized and continues to subsidize fascist or proto-fascist movements because they distract from the class struggle and serve business’s political agendas; and its frequent support for “patriotic” wars is a function not only of their profit-making potential but also of their usefulness in stifling domestic social discontent and progressive political

movements.<sup>25</sup>) For other reasons too, though, the nation-state's central authority was *bound* to get stronger, more thickly bureaucratic, more extensive, more "society-regulating," more effective at manufacturing consent, than it was in, say, the 1870s. In retrospect we can see this. From the Middle Ages on, capitalism and the nation-state have grown up together in a symbiotic relationship (at least until very recently); it was inevitable that as capitalism continued to grow in power and extent in the early and middle twentieth century, the nation-state would do so as well.<sup>26</sup>

There isn't space here to discuss all the reasons for the necessary failure of Marx's prophecies in the historical short term, or for the inevitability of the "high modernist" period of the nation-state.<sup>27</sup> I could, for instance, draw from the Marxian tradition itself and argue that an era of "monopoly capital" necessarily followed the nineteenth-century era of competitive capitalism, and that monopoly capitalism necessarily engendered certain varieties of state capitalism, corporatism, fascism, welfare-statism, etc.<sup>28</sup> Instead I'll invoke Karl Polanyi's arguments in *The Great Transformation*, while adding my own perspective, which brings the story up to the neoliberalism of the present day. Permit me to quote from my *Notes of an Underground Humanist*:

It's always dangerous to construct abstract schemas, but there appear to have been two, or rather one-and-a-half, "cycles" in capitalist history. Abstractly you can think of it in this way: first, a lot of ancient [feudal] communal practices and public goods [such as the peasant commons] were dismantled before, during, and after the Industrial Revolution. You can call this the first wave of privatization. (It has continued unceasingly all over the world, but let's just call it the first wave.) As it was going on, the victims of capitalism sought to maintain their old rights and/or acquire new, governmentally protected ones. At length they succeeded to some extent, and new public goods were consolidated under the 20<sup>th</sup>-century Keynesian welfare state. This was probably a nearly inevitable development, because, as Karl Polanyi argued in *The Great Transformation*, marketization and privatization will, if unchecked, eventually cause the total destruction of society. So popular resistance, aided by sane elements of the upper classes, succeeded in regulating further depredations and temporarily saving society after the Great Depression. But technology kept progressing, capital mobility increased, global integration continued, populations kept growing, and the politicized and "public" nature of the Keynesian state started encroaching too much on capitalist class power. Finally the masses got out of hand, got too politicized, too powerful—all those crazy ideas of democracy in the 1960s!—and there was a capitalist backlash, made possible by (and making possible) ever-more-globally-integrated markets, elite institutional networks, and extreme capital mobility worldwide. The inflationary consequences of relative popular empowerment in a context of

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<sup>25</sup> See J. A. Hobson, *Imperialism: A Study* (New York: J. Pott & Co., 1902).

<sup>26</sup> See Peter Kropotkin, *The State: Its Historic Role* (London: Freedom Press, 1997), and Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1971).

<sup>27</sup> James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale University Press, 1998).

<sup>28</sup> See Rudolph Hilferding, *Finance Capital: A Study in the Latest Phase of Capitalist Development* (London: Routledge & Kegan Paul, 1981 (1910)); Paul Baran and Paul Sweezy, *Monopoly Capital: An Essay on the American Economic and Social Order* (New York: Monthly Review Press, 1966); and Robert A. Brady, *Business as a System of Power* (New York: Columbia University Press, 1943).

economic stagnation (the 1970s) were tamed, namely by destroying popular empowerment. That is, the second wave of privatization occurred, after the 1970s: public goods were again dismantled and “capital accumulation by dispossession” began anew (though, in truth, it had never really stopped). This time, the old nationalist Keynesian solution to the horrors of privatization wasn’t available, since the world had become too integrated and nations themselves were deteriorating, due to the post-1970s capitalist onslaught. So transnational social movements were necessary...<sup>29</sup>

Or, even more schematically:

With respect to the very long run, Marx was always right that capitalism is not sustainable. There are many reasons for this, including the contradiction between a system that requires infinite growth and a natural environment that is finite, but the reason most relevant to Marxism is that ultimately capital can *never stop* accumulating power at the expense of every other force in society. It is insatiable; its [competition-driven] lust for ever more profit and power condemns it to a life of Faustian discontent. It can never rest. Any accommodations, therefore, between the wage-earning class and capital—such accommodations as the welfare state and the legitimization of collective bargaining—are bound to be temporary. Sooner or later capital’s aggressiveness will overpower contrary trends and consume everything, like a societal black hole (to change the metaphor). Everything is sucked into the vortex, including social welfare, the nation-state, even nature itself. The logic is that nothing will remain but The Corporation [in the plural], and government protections of the people will be dismantled because such protections are not in the interest of capital. This absurd, totalitarian logic can never reach its theoretical culmination, but it will, it *must*, proceed far enough, eventually, that an apocalyptic struggle between the masses and capital ensues. A relatively mild version of this happened once before, in the 1930s and ’40s, and a compromise [in the West]—the mature welfare state—was the result. But then, as I said, capital repudiated the compromise (or is doing so as I write these words), and the old trends Marx diagnosed returned with a vengeance, and so humanity could look forward, this time, to a final reckoning. A final settling of accounts will occur in the coming century or so.<sup>30</sup>

Those two paragraphs sum up my argument as to the context in which the new “alternative economy” of cooperatives and other anti-capitalist institutions is arising. The rise of neoliberalism (from the mid-1970s on) was inevitable, given the distribution of power in the West and the heightening of international economic competition after the 1960s.<sup>31</sup> In other words, a resurgence of global privatization and capitalist empowerment—after the consummation of the nation-state era between the 1930s and 1960s—was bound to happen, which means that social disintegration and atomization was bound to reach the pathological extremes of the present. This was destined,

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<sup>29</sup> Wright, *Notes of an Underground Humanist*, 196, 197.

<sup>30</sup> *Ibid.*, 173.

<sup>31</sup> See Brenner, *The Economics of Global Turbulence*.

sooner or later, to trigger massive resistance and creative efforts to reconstruct civil society and the economy on a new basis. These efforts are still in their infancy.

To elaborate in a little more detail: As David Harvey and others have argued, the corporate capitalist class in the U.S. and Britain faced two major problems in the mid-1970s. First, it had to rein in the 1960s' "excess of democracy" that was threatening its political power;<sup>32</sup> second, it had to restore its profits that were eroding from the combination of intense international competition and "excessively generous" social welfare programs. Moreover, these programs, and in general all the pressures resulting from the population's relative political empowerment, were contributing to high inflation, which was bound to become intolerable to much of the ruling class sooner or later. In the end, the most effective way to curb inflation and to protect profits from the demands of organized labor was, first, to adopt a restrictive monetary policy (which Paul Volcker, chairman of the Federal Reserve, did in 1979) and, second, to dismantle the welfare, regulatory, and labor-accommodating regime that had been constructed between the 1930s and early 1970s.<sup>33</sup> The Reagan and Thatcher administrations proceeded to do this with gusto in the 1980s, and their successor administrations in the 1990s and 2000s continued their work. In the U.S., for example, union density in the private sector sank from 35 percent in 1954, and 20 percent in 1980, to less than 7 percent today. Various "free trade" acts, such as NAFTA, have been negotiated that have contributed to the decimation of organized labor in the affected countries. Daily newspaper headlines remind us of the devastation of the social safety net. Numerous studies have described how government regulation of the economy has been gutted since the 1970s, making possible the financial collapse and recession of 2008 and 2009. All this grows out of the dynamics of a corporate capitalism that is throwing off the shackles imposed on it by the nation-state-centric "compromise" (between labor and capital) of the postwar period.<sup>34</sup>

Moreover, by now the political economy of neoliberalism has spread from the U.S. and U.K. to the whole world. Libraries could be filled with the scholarship and popular writings on this subject. Naomi Klein provides a good popular overview in *The Shock Doctrine* (2007), which recounts the sordid tale of neoliberalism's conquest of Latin America, Eastern Europe and Russia, Southeast Asia, and the Middle East (leaving out Europe, Africa, China, and India). Through IMF structural adjustment programs, trade agreements, collaboration with authoritarian governments, and other means, the U.S. has imposed its model of a liberalized economy on the entire globe. Recently even Europe, long known for its generous social welfare provisions and healthy trade-union presence, has been shredding its former social contract. This process was underway long before the 2008 recession, but since then ruling elites have adopted the motto "Never let a crisis go to waste" and

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<sup>32</sup> For the liberal wing of the ruling class's perspective on the 1960s, see Michel Crozier, Samuel Huntington, and Joji Watanuki, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission* (New York: New York University Press, 1975).

<sup>33</sup> A not incidental advantage of Volcker's tight money policies was that they facilitated the taming of organized labor, by raising unemployment to its highest levels since the Great Depression.

<sup>34</sup> On neoliberalism, see, e.g., David Harvey, *A Brief History of Neoliberalism* (New York: Oxford University Press, 2005); Noam Chomsky, *Profit Over People: Neoliberalism and Global Order* (Toronto, Ontario: Seven Stories Press, 1999); Robert Pollin, *Contours of Descent: U.S. Economic Fractures and the Landscape of Global Austerity* (New York: Verso, 2003); Greta Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge: Harvard University Press, 2011); David McNally, *Global Slump: The Economics and Politics of Crisis and Resistance* (Oakland, CA: PM Press, 2010); and Gérard Duménil and Dominique Lévy, *Capital Resurgent: The Roots of the Neoliberal Revolution* (Cambridge: Harvard University Press, 2004).

accelerated their dismantling of unions and the welfare state. The pretext, as always, is the restoration of fiscal health and national economic competitiveness. The consequences are that far fewer workers are covered by collective bargaining agreements, workplace protections are being rolled back, income inequality is rising, healthcare and education are being partly privatized, and, in general, the social fabric is being re-cut to fit the pattern of the U.S.<sup>35</sup>

The most important points about this worldwide hegemony of neoliberalism (and its associated productive forces, in particular information technology<sup>36</sup>) are that it is causing a resurgence of economic crisis and stagnation, and it is hollowing out the nation-state as an entity. Let's consider each of these phenomena in turn, starting with the first (which contributes to the second).

Any thoughtful observer of the neoliberal political economy has to be struck by the parallels between it and the era that culminated in the Great Depression. There is similar class polarization and vicious subjection of labor to capital, similar 'thinness' of government economic regulation, similar extreme subordination of government to corporate capital, similar proneness to periodic economic crisis, similar empowerment of financial capital, and so on.<sup>37</sup> It's true that there are differences. For example, since the 1960s, deindustrialization has occurred in the West, most notably in the United States. There, employment in the manufacturing sector declined as a share of total non-farm employment from 31 percent in 1950 to 20.7 percent in 1980, 13.1 percent in 2000, and 9.1 percent in 2009.<sup>38</sup> As Robert Brenner argues, this trend results in large part from heightened international competition since the late 1960s and consequent declines in the growth-rates of manufacturing profitability and investment.<sup>39</sup> That is, intense international (and intra-national) competition and the resultant diminished growth of profitability have necessitated firms' feverish cost-cutting, which has meant more automation, employee layoffs, wage cuts, and outsourcing of production. The former industrial infrastructure of the West has been dismantled as firms have downsized and relocated their operations to regions with cheaper labor. In the process, industrial unionism has been destroyed, the high wages and stable jobs of what was once the core of the economy have become low wages and unstable (or nonexistent) jobs—in part because automation is making human labor superfluous—and a massive restructuring of the West's economy has happened.

The existence of deindustrialization only supports the broader point I want to make, that (to quote David Harvey) an "underlying problem [of] excessive capitalist empowerment vis-à-vis labour and consequent wage repression, leading to problems of effective demand,"<sup>40</sup> characterizes the

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<sup>35</sup> Eduardo Porter, "Americanized Labor Policy Is Spreading in Europe," *New York Times*, December 3, 2013; Sotiria Theodoropoulou, "European Welfare States in the Era of Pervasive Austerity," European Trade Union Institute, Brussels (draft version, August 2012); International Federation of Red Cross and Red Crescent Societies, "Think Differently: Humanitarian Impacts of the Economic Crisis in Europe," [http://www.ifrc.org/PageFiles/134339/1260300-Economic%20crisis%20Report\\_EN\\_LR.pdf](http://www.ifrc.org/PageFiles/134339/1260300-Economic%20crisis%20Report_EN_LR.pdf).

<sup>36</sup> David Harvey remarks that information technology is "the privileged technology of neoliberalism," largely because it is "far more useful for speculative activity and for maximizing the number of short-term market contracts than for improving production." *A Brief History of Neoliberalism*, 159.

<sup>37</sup> See Du Boff, *Accumulation and Power*.

<sup>38</sup> William Strauss, "Is U.S. Manufacturing Disappearing?," Federal Reserve Bank of Chicago, August 19, 2010, <https://www.chicagofed.org/publications/blogs/midwest-economy/2010/isusmanufacturing>.

<sup>39</sup> Robert Brenner, *The Economics of Global Turbulence*.

<sup>40</sup> David Harvey, *The Enigma of Capital, and the Crises of Capitalism* (New York: Oxford University Press, 2010), 118.

dynamics of both neoliberalism and the political economy that eventuated in the Great Depression, which is commonly interpreted along Keynesian lines, as a product of (among other things) low aggregate demand. Deindustrialization has recently been a major contributor to this dynamic, and thus to the stagnation that afflicts the West and with it much of the world. For the loss of jobs and high wages in the manufacturing sector has not been compensated by high wages or a sufficient quantity of stable jobs in the service sector; hence, in part, the higher income inequality in the West now than fifty years ago, and the resultant lowering of aggregate demand.<sup>41</sup>

Moreover, with deindustrialization, increased capital mobility since the 1960s, the demise of the Bretton Woods international regulatory framework in the 1970s, and in general the neoliberal “restoration” of capitalist class power has come a financialization of the U.S. economy even more striking than that of the late 1920s. It isn’t necessary to dwell on this point, since it has been analyzed by scores of commentators.<sup>42</sup> I will only note that the financial sector’s share of corporate profits in the early 2000s was around 40 percent, though since then it has declined to 30 percent.<sup>43</sup> Likewise, its share of GDP was 8.4 percent in 2011, compared to 2.8 percent in 1950.<sup>44</sup> As investment has shifted from the “real” economy to the more profitable financial sector since the 1970s—a sector that employs far fewer people than manufacturing once did—wealth and income inequality have skyrocketed, growth has stagnated, economic instability driven by speculative bubbles has increased, physical and social infrastructure has deteriorated, and unemployment has grown. Neoliberalism has meant, in short, a partial “de-development” of the United States (which in this respect is not alone among advanced industrial countries).

Processes that were in some ways similarly disempowering to the majority of wage-earners helped lead to the Great Depression, from which, as we know, ultimately emerged the Keynesian compromise between capital and labor. The national state stepped in to boost aggregate demand and empower labor, so keeping the system running. At the same time, nationalism, or rather the “imagined community” of the nation, continued its earlier function as a kind of ideological glue to cohere societies and ensure order: “we,” both capitalists and workers, were “Americans” (or “British,” or “French,” or whatever) sharing a common language, a culture, a history, etc.<sup>45</sup> “We” were supposed to maintain allegiance to the nation and the state, i.e., to overarching power-structures, no matter how much we might disagree with one another or want a bigger slice of the economic pie than we had. To be “disloyal” was the supreme crime, and invoking that concept proved effective as a way to tar and feather “radicals.” To call them Communists, for example, was to call them foreigners and subversives, which marginalized them and helped keep the capitalist order relatively stable. Thus the nation-statist compromise, which functioned

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<sup>41</sup> The business press sometimes has good coverage of these “underconsumptionist” trends. See, for example, Steve Johnson, “Capital gobbles labour’s share, but victory is empty,” *Financial Times*, October 13, 2013.

<sup>42</sup> In addition to works cited above, see Andrew Glyn, *Capitalism Unleashed: Finance, Globalization, and Welfare* (Oxford: Oxford University Press, 2006); and, for the international context, Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System* (Princeton: Princeton University Press, 2008).

<sup>43</sup> Jordan Weissmann, “How Wall Street Devoured Corporate America,” *The Atlantic*, March 5, 2013.

<sup>44</sup> Justin Lahart, “Number of the Week: Finance’s Share of Economy Continues to Grow,” *Real Time Economics* (blog), *Wall Street Journal*, December 10, 2011, <http://blogs.wsj.com/economics/2011/12/10/number-of-the-week-finances-share-of-economy-continues-to-grow/> (accessed June 1, 2013).

<sup>45</sup> See Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (New York: Verso, 2006).

ideologically as a kind of *distraction* (from immediate issues of economic, social, and political empowerment), reached its classical, high modernist phase.

Since the 1970s, however, the nation-state, after many centuries of growing in power, importance, and global extent, has finally begun its long, tortured descent into crisis and collapse. The elegant irony of history is again on display: while the evolution of capitalism hitherto had contributed to the consolidation of the nation-state, at this point capital outgrew and started to shake off its old friend and enabler, which clung to it in ever more servile fashion. The state now does almost whatever it has to to stay in the good graces of the most mobile and wealthy sector of capital, finance; but other sectors, too, have found that they have a freer hand than they once did.

Again, the essential condition of this shift in the balance of power has been the spectacular increase in capital mobility since the 1960s, made possible by the rise of new productive forces, in particular electronic technology. Actually, even apart from its enabling the ascendancy of transnational corporations and global finance, this technology is playing an important role in the downfall of the nation. Just as “print-capitalism” after the fifteenth century contributed to the *rise* of the nation-state (as Benedict Anderson argues), what one might call “electronic capitalism” is contributing to its *fall*. To be sure, the imagined community of the nation is declining faster than the national state itself. The community is fragmented by electronic media, which, at least in the context of capitalism, tend to substitute isolation and self-involvement for direct interaction with others, as well as to degrade communication into instantaneous visual and auditory stimuli whose effect is to undermine identities (be they personal, national, or whatever). As I’ve written elsewhere:

...These trends [of national disintegration] are evident when one considers the impact of television, video games, cellphones, computers, the internet, and such “social media” outlets as Twitter and Facebook. A society in which most people spend an inordinate amount of their time sitting in front of TVs, playing video games, shopping online, searching for soulmates through internet dating, imbibing bits of information in short bursts from an endless variety of global news and entertainment sources, and electronically “chatting” with acquaintances or strangers located anywhere from the next room to the other side of the world—such a society does not have much of a tangible national culture, and its “imagined community” is indeed *imaginary*, a mere abstraction with little basis in concrete reality. In short, the individualistic, passive, and *consumerist* nature of a capitalist society saturated by electronic media is interpersonally alienating and destructive of civil society, hence destructive of a shared national consciousness.<sup>46</sup>

Moreover, the fact that electronic technology makes possible nearly instantaneous communication across the world means that the kind of community it fosters is global rather than national. One may start to feel more affinity for people ten thousand miles away than for one’s compatriots. Global social movements become easier to coordinate; things like the Arab Spring and Occupy Wall Street can emerge to break down national barriers and birth a *global* consciousness.

The worldwide hegemony of finance and the transnational corporation is similarly destructive of traditional civil society, and thus of the nation. For it has contributed to deindustrialization in

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<sup>46</sup> Wright, *Notes of an Underground Humanist*, 168.

advanced countries, the virtual destruction of organized labor, the rise of a precariat of insecure workers living on society's margins, the erosion of the welfare state, the privatization of such public resources as education and the natural environment, the hollowing out of state regulation of the economy, and the onset of economic crisis and stagnation. All these circumstances tend to bring about a relative equality of conditions between countries, as a creeping Third-Worldization of the West occurs. The very idea of "America" or "Britain" or "France"—a substantive national community that differs from others—becomes threadbare, a transparent fig leaf for the naked pursuit of power by moneyed elites.

The state, too, is in decline, though perhaps less obviously than the idea of the national community. The reason is simply that the global community of capitalists will not let the Western state reverse its post-1970s policies of retrenchment, which is the only way for it to adequately address all the crises that are currently ripping society apart. If any state—unimaginably—made truly substantive moves to restore *and expand* programs of social welfare, or to vastly expand and improve public education, or to initiate programs like Franklin Roosevelt's Works Progress Administration or Tennessee Valley Authority (but on a necessarily broader scale than in the 1930s), or to restore organized labor to its power in the 1960s and thereby raise aggregate demand, investors would flee it and its sources of funds would dry up. It could hardly carry out such policies anyway, given the massive resistance they would provoke among all sectors of the business community. Fiscal austerity is, on the whole, good for profits (in the short term), since it squeezes the population and diverts money to the ruling class. In large part because of capital's high mobility and consequent wealth and power over both states and populations, the West's contemporary political paradigm of relative austerity and government retrenchment is effectively irreversible for the foreseeable future.

This raises an obvious question: how is the state to deal with social discontent? In the 1930s and 1940s, states adapted to discontent mainly by becoming more inclusive and increasing their control over capital.<sup>47</sup> But since that is no longer an option, what's the solution? Evidently the most immediate and urgent response is *repression*. This is the natural instinct of every power-structure when confronted by resistance: destroy it, stamp it out, for instance by imprisoning people, demonizing dissidents as "extremists" or "terrorists," and deploying police forces to smash popular movements. So far this has been, and will probably continue to be, the dominant political response to the contemporary crisis. A quasi-police state is taking the place of the welfare state, as can be seen from governments' investment in "national security," greater powers of surveillance, the militarizing of police forces, the ever-more-frequent suspension of civil liberties, etc. These measures do not signify the health of the state; they are its desperate response to a terminal illness. National governments are being hamstrung and privatized by capital even as their subject populations are rising up in revolt. The main recourse, it seems, is to militarize society—i.e., to expand one of the few government powers capital doesn't object to, the power to suppress democratic resistance.

In short, durable "compromises" between labor and capital are no longer possible. Only the nation-state could be a framework for such a compromise, because only national governments (not local or regional) potentially have the power to stand up to corporate capital and regulate it. But they

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<sup>47</sup> In many cases, of course, they tried the fascist route first, hoping to crush the left. After that led to near-armed conflict they had to go the more democratic route, to some extent incorporating the left and the working class into the state.



have lost this power on the scale necessary since the 1970s. So what will ensue in the coming decades is a global conflict between the capitalist hyper-elite—together with its political minions—and the majority of the species, a conflict that *this* time will not be resolved by the principle of nationality, because it is dying. Almost two hundred years after the *Communist Manifesto*, Marx's time has arrived. The time for *true* internationalism, which is to say *transnationalism*, in anti-capitalist (and anti-statist) movements has arrived, at long last.<sup>48</sup> A hundred years ago there was no such internationalism in labor movements, as the two nationalist world wars—largely supported by organized labor—showed. Nor was there in the context of the Cold War, as the reactionary and imperialistic stances of the U.S.'s AFL-CIO showed. Only since NAFTA, and especially since the Seattle demonstrations against the WTO in 1999, have labor unions and social movements in general really begun to realize their internationalist potential.<sup>49</sup>

A leader of Brazil's Landless Workers' Movement says it well: "It is very striking that it is only now that farmers are starting to achieve a degree of worldwide coordination, after five hundred years of capitalist development... The new phase of capitalism has itself created the conditions for farmers to unite against the neoliberal model."<sup>50</sup> And the neoliberal model, to repeat, is not some drastic new departure but only the logical conclusion of tendencies that have operated in capitalism for many centuries, namely privatization, marketization, the commodification of everything, suppression of workers' power, class polarization, integration of the world under the aegis of capitalist relations of production, and ever-increasing capital mobility. These tendencies have finally reached the point that they are consuming nation-states and making both possible and necessary globally coordinated resistance in the form of transnational social movements. This *global* confrontation with capital, in fact, is really what Marxism was all about to begin with. The slogan "Workers of the World, Unite!", far from being outdated, has become more timely and necessary than ever before.

There is more to say about the decline of the nation-state, but I'll skip to the main point: what the retrenchment of government's "beneficent" functions is making possible, for the first time ever, is the paradigm of revolution I described above when critiquing Marx's theory. Given the state's growing incapacity to assuage discontent, movements of a decentralized, semi-interstitial, regional, democratic character are emerging to fill the vacuum. In the long run they, or the institutions they spawn, may take over some of the functions of the national state, such as partially providing for social welfare. Even more importantly, they will enable the construction of new production relations in the shell of a corporate capitalist economy that cannot provide billions of people with a livelihood. These relations will spread all over the world, in an agonizingly slow process that will surely take well over a hundred years—because social transitions on the scale of capitalism-to-"cooperativism" do not happen quickly.

But *how* will such a transition happen? I'll address this question empirically in the following section, but here I can at least sketch the historical logic. Marxists and other radicals often object

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<sup>48</sup> "Trans" means *through*; "inter" means *between*. We need social movements that operate through and around nation-states, not only between them or on the basis of them. We need movements organized globally.

<sup>49</sup> Tamara Kay, *NAFTA and the Politics of Labor Transnationalism* (New York: Cambridge University Press, 2011).

<sup>50</sup> Quoted in Annette Desmarais, "La Via Campesina," in *Rural Social Movements in Latin America: Organizing for Sustainable Livelihoods*, eds. Carmen Diana Deere and Frederick S. Royce (Gainesville, FL: University Press of Florida, 2009), 37, 38.

that the sorts of developments I'll describe shortly are merely interstitial and apolitical, can be co-opted by the ruling class, can function as *stabilizing* forces for society, are compelled to compromise with capitalism, and therefore do not represent viable paths to a post-capitalist future.<sup>51</sup> There may, indeed, be some truth to these objections when the social context is one of basic systemic stability, i.e., when society isn't in a "revolutionary situation" anyway. But when it is—when the social fabric is disintegrating, economic crisis is throwing millions out of work, class polarization is growing—these "interstitial" developments can potentially have revolutionary significance. The logic is that as political protest spreads and the ruling class grows ever more fearful, some of its more progressive members and institutions split off from the rest and throw their support to un-capitalist or semi-capitalist initiatives as a desperate way to keep the masses obedient and society under control. Again, this is how the New Deal state was born in the U.S. But since such a state is becoming increasingly untenable, the ruling class's hopes for stabilizing society will, to some extent, lie in more localized and decentralized democratic experiments (in addition, as I said, to political repression). The combination of mass agitation and ruling-class support will ensure that these experiments spread, especially because in all likelihood there will be no foreseeable end to the economic crisis. In the long run, the result will be capitalism's self-undermining by means of its forced support for a proliferation of people-empowering measures. Their popularity and success, moreover, will generate a dynamic by which they spread of their own momentum, so to speak. The success of the new "bottom-up" economy will make the old top-down one increasingly obsolete, although of course innumerable political clashes will have to occur before it can be unseated from the summits of power.

In short, the state and ruling class will, whether consciously or not, adopt two overarching strategies to maintain their power: try to repress dissidents, and assist progressive initiatives that seem comparatively unthreatening. In "liberal" societies confronted by massive and sustained protest, such a dual approach is necessary, because repression alone is unsustainable, does not address the underlying causes of protest, and (as the government's *sole* strategy) is unacceptable to large portions of the public and the elite. On local, regional, and national scales, the ruling class will try to smash radical movements even as it (or a section of it) tentatively supports such things as public banking, municipal enterprise, cooperatives, enlightened use of eminent domain,<sup>52</sup> and communal self-help institutions of various kinds. But political dissent will, if anything, only spread, not go away. One can expect that, in a world of multiform crisis, alliances will naturally emerge between different movements on the left some of which (like the effort to build co-ops) are less explicitly "political" than others. The progress of these interstitial initiatives, therefore, will aid the progress of the mass political movements, and vice versa, such that corporate capitalism will be slowly hollowed out even as it loses ideological hegemony. Its opponents will command more and more resources, which itself will make possible their command over even *more* resources, in a self-reinforcing cycle somewhat comparable to the early-modern bourgeoisie's gradual erosion of feudalism's (and later absolutism's) economic, political, and ideological hegemony. The more economic success one has, the more resources one has, which

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<sup>51</sup> See, e.g., Greg Sharzer, "Cooperatives as Transitional Economics," *Review of Radical Political Economics* (2016), 1–21; it can be accessed [here](#).

<sup>52</sup> See Shaila Dewan, "A City Invokes Seizure Laws to Save Homes," *New York Times*, July 29, 2013; and Peter Ranis, "Occupy Wall Street: An Opening to Worker-Occupation of Factories and Enterprises in the U.S.," *MRZine*, November 9, 2011, <http://mrzine.monthlyreview.org/2011/ranis091111.html>.

means the more propaganda one can churn out and so attract people to one's agenda (including by getting socialists elected to political office).

As for the question whether alternative economic institutions can indeed be more "successful" than capitalist ones, that is to say more productive and socially equitable: one of the purposes of my book is to show that they can. Cooperatives can be more effective than conventional businesses even by the narrow standards of capitalism. We shouldn't necessarily condemn co-ops for having to work within the confines of capitalism, for if they become common and network with each other and other progressive organizations they might prove to be of use to left-wing political movements, by providing them with resources and spreading an anti-capitalist ethos. Furthermore, as greater numbers of co-ops support one another, each will be less shackled to the logic of capitalism. The economic success of these and other alternative-economy institutions—in part a result of their mutual support—will then serve as its own public-relations campaign, so to speak, attracting people to new models and thus contributing to the spread of alternative modes of production beside the old dysfunctional capitalist mode.

Another way to conceptualize the coming social transformations is to return to the idea that the main problem the economy is facing is low aggregate demand (disguised, to be sure, by astronomical levels of debt). The question, then, is how to comprehensively raise demand. We know that the old Keynesian solution was high government spending and high wages for workers, but both those options are, in the long run, off the table in an era of austerity, government privatization, and neoliberal globalization. A sustained Keynesianism on the colossal and international scale necessary is simply out of the question. The only other solution, and the only appropriate one in an age of decaying nation-states, is to construct new kinds of social relations that economically empower people, i.e., raise demand. To repeat, what many of these will ultimately amount to are new production relations, on the basis of which will, necessarily, arise new social and political structures. Thus, virtually by analytical necessity it is evident that profound social revolution offers the only way out of the contemporary economic crisis. The *slowness* of the revolution is what will allow members of the ruling class to support it, for it will appear that all they are doing is defusing mass unrest by means of piecemeal reforms. But these reforms will be of a very different character from those of the earlier welfare state. Rather than being essentially corporatist, i.e., giving greater power to a national state that is fused with corporate capitalism, they will consist of a democratic transformation of social relations "from the ground up."

Of course, the state is not going away anytime soon. In fact, it will likely have to become more inclusive in the coming decades in order to adapt to social crisis. However, the ways in which it becomes inclusive will be relatively new: given the different political economy we live in than sixty years ago, they will be in some respects less centralized and less corporatist, involving a devolution of governmental powers and greater international coordination on multiple levels of governance.

## Practice

In the tradition of Marxism, we'll follow our theoretical discussion with a focus on practice, which is, if anything, more important than theory. The point is to change the world, not just to interpret it. As I said earlier, here I'll focus not on worker cooperatives in the U.S. but on other initiatives springing up around the world. Needless to say, there are many to choose from. People and governments everywhere are experimenting with alternative economic, social, and political arrangements. Some of these will not last or will prove to be of limited importance; others may end up serving as models for a future society. In the following I'll describe some initiatives that strike me as particularly promising and interesting.

A reasonable starting point is Quebec's social economy, which is a sophisticated set of interlocking institutions that has matured since the 1980s. The term "social economy" just refers to the third sector in economies, between the private and the public sector. It is composed of such things as housing associations, civic societies, nonprofits, charities, cooperatives, and credit unions—institutions that are at least in part run by community members and exist not to pay profits to shareholders but to benefit communities, the environment, and marginalized groups. The social economy has ethical aims, but the seemingly opposed imperatives of ethics and "efficiency" are by no means mutually exclusive. Very often one finds that the more ethical an institution is, the more profitable, productive, and efficient it is. Likewise, bureaucracy, gigantic size, and slavishness to the interests of big capital not only are immoral (inhumane and undemocratic) but have costs even by the narrow standards of efficiency and effectiveness. Being run by people whose goals are ethical, the social economy contributes to job creation, the provision of services, the production of goods, community revitalization, and in general sustainable development.

Quebec's social economy is famous, and has been intensively studied, because of its sophistication and effectiveness. I won't describe it in great detail here, but it comprises over 7,000 organizations that provide an array of services to the population. A watershed moment for it occurred in 1996, when the state invited representatives of all these actors—among which are "citizen's committees, food banks, community centers, family economy cooperative associations, community health clinics, legal clinics, not-for-profit childcare centers,"<sup>53</sup> housing co-ops, women's centers, workers' co-ops, community economic development corporations, labor unions, and environmental associations—to participate in a conference on the future of Quebec in light of its problems with unemployment and economic development. The result was the subsequent institutionalized collaboration between the state at all levels and these diverse organizations, a collaboration that "involve[s], among other things, making it much easier for non-profit associations engaged in social economy activities to acquire the necessary financial resources, through government grants, indirect subsidies, or access to credit; the creation of a social economy office within the provincial government; and the consolidation of an umbrella organization in civil society, the *Chantier de l'économie sociale*, to coordinate strategies for enlarging and deepening the role of the social economy."<sup>54</sup> Few social economies in the world have achieved this degree of

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<sup>53</sup> Marguerite Mendell, "The social economy in Quebec" (2003), <http://unpan1.un.org/intradoc/groups/public/documents/clad/clad0047506.pdf> (accessed May 23, 2010).

<sup>54</sup> Erik Olin Wright, *Envisioning Real Utopias* (New York: Verso, 2010), 204–205. See also Marguerite Mendell, "The Social Economy in Quebec: Lessons and Challenges for Internationalizing Cooperation," in *Co-operatives in a*

institutional coherence and coordination, which explains why activists and policymakers have been so intrigued by the Quebec model.

In general, the global social economy can be expected to grow in the coming generations, as national governments prove incapable of fulfilling their welfare and regulatory functions. Quebec's social economy, for example, continues to grow in extent and access to capital. An innovation in 2007 was the creation of the *Fiducie du Chantier de l'économie sociale*, "a \$53.8 million patient capital or quasi-equity fund to enable collective enterprises to embark on long-term planning, invest in real estate, and move out of a vicious cycle of debt."<sup>55</sup> A couple of years later, a financial network called CAP Finance was established to connect microcredit organizations, local development funds, large "labor solidarity" funds, and so on. The mainstream economy's travails after 2008 did not hinder any of this activity; on the contrary, "amidst the debris of speculative financial markets" it became easier to interest investors in the *Fiducie*'s stable rates of return.<sup>56</sup>

Europe's social economy is just as vital as Quebec's. As reported in 2012 by the European Economic and Social Committee (EESC), the social economy accounts for over 14.5 million jobs and about 6.5 percent of total paid employment in Europe.<sup>57</sup> Since the last quarter of the twentieth century the social economy has grown considerably, so that it is increasingly taking the place of the state in creating employment and correcting economic and social imbalances. It is also achieving greater recognition as an important actor in European affairs, as reports on it are published by the EESC, the UN declares the social economy to be crucial for global development, Europe-wide statutes for cooperatives are adopted, conferences on cooperatives and the social economy are organized, new legal forms are created to accommodate social enterprises, university courses on the social economy appear, and, in 2012, a social economy minister is appointed in France's government. As in Quebec, this sector of the economy is faring relatively well in conditions of economic stagnation; for instance, it has been able to deploy "its own alternative forms of solidarity funding, such as ethical banking, social currencies or the credit unions, which are not only providing credit but are also generating trust in its financial services."<sup>58</sup> Similarly, employment levels are proving more stable than those of the private sector. It's true that recent cutbacks in public spending have had a damaging effect, but they have not been devastating.

A few random figures indicate the sector's vitality. In France, the social economy (which accounts for 10 percent of salaried employment) created 18 percent of all new jobs between 2006 and 2008. Its employment level increased by 2.9 percent (70,000 new jobs) between 2008 and 2009, while in the private sector it sank by 1.6 percent and in the public sector by 4.2 percent. Similarly, in Italy, employment in cooperatives increased by 8 percent between 2007 and 2011, while in the conventional private sector it decreased by 2.3 percent. In Spain, too, employment in worker

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*Global Economy: The Challenges of Co-operation Across Borders*, eds. Daryl Reed and J. J. McMurtry (Newcastle: Cambridge Scholars Publishing, 2009), 226–241.

<sup>55</sup> Marguerite Mendell, "Financing the Social Economy in Quebec" (2010), 48, <http://communityrenewal.ca/sites/all/files/resource/MW200346.pdf> (accessed May 21, 2013).

<sup>56</sup> *Ibid.*, 50.

<sup>57</sup> José Luis Monzón Campos and Rafael Chaves Ávila, "The Social Economy in the European Union," 46, [https://www.researchgate.net/publication/238713123\\_The\\_Social\\_Economy\\_in\\_the\\_European\\_Union](https://www.researchgate.net/publication/238713123_The_Social_Economy_in_the_European_Union) (accessed May 21, 2013).

<sup>58</sup> *Ibid.*, 87.

cooperatives grew by 4.7 percent in 2011, as it dropped in the rest of the private sector for the fourth consecutive year.<sup>59</sup>

Related to the social economy, and often considered a part of it, is the solidarity economy, which tends to be a little more political and anti-capitalist than the social economy as a whole. The values that inspire its participants are the opposite of capitalist: community, egalitarianism, and democracy. Like its more well-known cousin, the solidarity economy started growing exponentially in the last quarter of the twentieth century, as neoliberalism ravaged Latin America and other parts of the world. The solidarity economy's chief impetus came from social movements in Latin America, which has a long history of peasant- and indigenous-based resistance to Western imperialism. In the past, this resistance helped bring about things like the Mexican and Cuban revolutions, the "developmentalist" period of South American history between the 1930s and 1960s, Chile's dalliance with a kind of democratic proto-socialism in the early 1970s (until it was crushed by the U.S. and Pinochet), and attempts at revolution in Central America in the 1980s. Since the 1990s, it has birthed Latin America's 21<sup>st</sup>-century turn to the left (for example with the elections of Hugo Chavez, Lula da Silva, Evo Morales, Rafael Correa, and Daniel Ortega) and helped birth such global movements as fair trade, solidarity lending, the expansion of cooperativism and credit unions, the World Social Forum and its offshoots, and La Via Campesina. Among the practices that are often mentioned in the context of the solidarity economy are community-supported agriculture, urban gardening, alternative currencies, collective kitchens, and community land trusts, not to mention all the more familiar forms of cooperativism (producer, consumer, housing, agricultural, etc.).

Before going into more detail about some of these phenomena, it will be worthwhile to consider just how significant the solidarity economy and its conceptual relatives are becoming. In a sense, after all, the term is nothing but a name for the ideal that all "radicals" are fighting for: it is socialism, anti-capitalism, cooperativism, economic democracy, whatever your preferred name is. The post-capitalist economy will have to incorporate the "solidarity" structures that are emerging, and in fact it will, to a large extent, be grounded in them. Especially if you broaden the concept of solidarity economy so that it encompasses public banking, municipal enterprise, benefit corporations, and participatory budgeting (all to be discussed below), its contemporary significance is undeniable. It is, in short, the terrain of the "movement of movements" against privatization and profit-mongering, aimed at the resurrection of *public space*, whether embodied in the World Social Forum, Occupy Wall Street, or any of the countless dissident movements rocking the globe.

A clear indication of the growing importance of the solidarity economy is its ever-greater institutionalization. A rather primitive gauge of this is the proliferation of relevant websites, such as [yesmagazine.org](http://yesmagazine.org), [geo.coop](http://geo.coop), [shareable.net](http://shareable.net), [ripess.org](http://ripess.org), [community-wealth.org](http://community-wealth.org), and [neweconomy.net](http://neweconomy.net). More substantively, dozens of international networks have been formed recently to facilitate organizing and education, including Alliance for a Responsible, Plural and Solidarity Economy (ALOE), the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS), the U.S. Solidarity Economy Network (SEN), the Asian Alliance for Solidarity Economy, the European Institute for Solidarity Economy (INESS), and many

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<sup>59</sup> European Commission, Directorate-General for Employment, Social Affairs and Inclusion, "Social Economy and Social Entrepreneurship" (Luxembourg: Publications Office of the European Union), 53.

organizations in Latin America. One must include all the social forums that exist even in the conservative U.S.: the U.S. Social Forum, the Midwest Social Forum, the Social Forum of the Americas, the European Social Forum, etc. Like their progenitor the World Social Forum, which began in 2001 and has met almost annually, these are essentially periodic conferences where activists and organizations involved in the alter-globalization movement can come together to share ideas, strategies, and experiences, attend workshops and lectures, network and seed new institutions. The WSF regularly draws more than 60,000 participants from around the world.<sup>60</sup>

Perhaps even more striking than the proliferation of all these networks, organizations, and conferences is the recognition that the solidarity economy is receiving from governments. I already mentioned the creation of the new post of Minister for the Social Solidarity Economy in the French government. Compared to Latin America, however, France is behind the times. For example, in 2003 Brazil's president Lula established a National Secretariat of the Solidarity Economy, and cooperatives receive financial support from the ministries of Agricultural and Social Development. The Brazilian government also funds university programs that provide local groups with training and support to set up cooperatives or social enterprises, "similar to business incubators in the U.S."<sup>61</sup> (Cooperative business programs have started to appear in North American universities too.) Ecuador went a step further in 2008: it adopted a constitution that draws from the social and solidarity economy (SSE) model for development, in that it formalizes commitments to food sovereignty, the use of land for social and environmental functions (forbidding large estate farming, land concentration, and the privatization of water), a "decentralized national system of participatory planning" for development, and numerous other progressive principles that are fleshed out in very concrete ways. Bolivia's 2009 constitution is similarly progressive. Public policy initiatives in the SSE have been flowering in Venezuela, Mexico, Argentina, Chile, Peru, and elsewhere, under the pressure of growing social movements.

Governments in Africa and Asia are likewise facilitating the growth of the SSE, though I cannot review all the relevant policies here. The South African government, for example, has passed legislation to boost cooperatives, and in 2012 further legislation to establish a cooperative council, academy, and development agency was proposed.<sup>62</sup> Africa's tenth ministerial conference on the theme of cooperatives was held in Rwanda in 2012; 27 countries committed to passing laws to support the SSE, expanding education regarding the creation and sustainability of co-ops, increasing regional cooperation and trade among co-ops, and possibly creating integrated financial cooperatives at country and regional levels.<sup>63</sup> Prime Minister Erdogan of Turkey launched in 2012 a national cooperative strategy and plan of action to fundamentally restructure the cooperative sector so as to make it more effective, competitive, and sustainable.<sup>64</sup> India and Indonesia have

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<sup>60</sup> See José Corrêa Leite, *The World Social Forum: Strategies of Resistance* (Chicago: Haymarket Books, 2005), and William Fisher and Thomas Ponniah, eds., *Another World Is Possible: Popular Alternatives to Globalization at the World Social Forum* (New York: Zed Books, 2003).

<sup>61</sup> Emily Kawano, "Report from the 1st Solidarity Economy Social Forum & World Fair, Santa Maria and Porto Alegre, Brazil—Jan 22-29, 2010," *SolidarityEconomy.net* (accessed May 25, 2010).

<sup>62</sup> Susan Steinman and Jerome von Rooij, "Developing Public Policies for the Social and Solidarity Economy in South Africa: The Need for a State-Civil Society Dialogue," *Universitas Forum*, Vol. 3, No. 2 (2012).

<sup>63</sup> ICA, "African Ministers agree to support cooperatives," November 27, 2012, <http://ica.coop/en/media/news/african-ministers-agree-support-co-operatives> (accessed May 31, 2013).

<sup>64</sup> See "Turkish Cooperatives Strategy and Action Plan 2013-2016," a report from the Directorate General of Cooperatives in Turkey's Ministry of Customs and Trade.

recently reformed their laws regarding co-ops. Since the early 2000s, the Russian government—at all levels—has actively supported the cooperative movement.<sup>65</sup> Indeed, on the whole it seems there are few governments in the world that do not provide notable support, and are not increasing their support year by year, for the social and solidarity economy.

The UN and its specialized agency the ILO have been taking action too; in fact, they have facilitated many of the policy initiatives just mentioned, particularly in 2012, which the UN declared the Year of the Cooperative. What this designation concretely meant was a year of intense advocacy and organizational support for co-ops, so as to publicize their worldwide impact on poverty reduction, social integration, and socioeconomic development. (The website [social.un.org/coopsyear](http://social.un.org/coopsyear) showcases the UN's work in this area.) As the UN sponsors international summits, forums, ministerial conferences, film festivals, and other events to spread the ideology of cooperativism, the ILO publishes in-depth reports, sponsors cooperative projects, aids in the formation of policy, and helps organize conferences like the SSE Academy, which began in 2010. The SSE Academy is “an inter-regional training event bringing together more than 100 [in fact as many as 300] practitioners and policy-makers from around the world, to share their experiences and meet leading SSE specialists.”<sup>66</sup> Among other achievements, the 2013 conference helped further the ILO's initiative to establish an Interagency Task Force in the United Nations that would bring “relevant UN agencies together for regular exchanges on their programming and policy making in the field of SSE.”<sup>67</sup>

As for the actual practices of the solidarity economy “on the ground,” I can at best hope merely to gesture at a few examples in the limited space here. The classic example is Brazil's Landless Workers' Movement (MST), which began in 1984 and now has a membership of 1.5 million people. Its main political goal is to bring about national agrarian reform that eliminates the extreme inequality in ownership of land; much of its activity consists of occupying unused land and establishing encampments on it, which become permanent settlements if the occupiers gain legal ownership. The encampments and settlements can be organized on the basis either of family ownership or of collective ownership, depending on the decisions of local assemblies. Each settlement is structured as a mini-society (with extensive ties to other settlements and to state, regional, and national leaders), which collectively decides how the settlers' income is to be spent—how much will go to production, health care, schooling, and so forth. The MST as a whole has established hundreds of agricultural cooperatives that take in more than 50 million dollars a year, some of which goes to the 20-million-dollar budget for social services and infrastructure, the rest of which goes directly to member families. The movement also has founded teacher-training programs in national universities, hundreds of daycare centers, an agricultural college, almost two thousand primary and secondary schools, several credit cooperatives, 96 food processing plants, a clothing factory, etc.—all of which are ancillary to its main achievements of organizing over 250,000 occupations and winning land for over 350,000 families in two thousand settlements, in addition to the 200,000 families that are currently occupying land but do not yet legally own it.

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<sup>65</sup> ILO, *Cooperative Sector in Russia* (Geneva: International Labour Office, 2009).

<sup>66</sup> ILO, “Partnerships for Decent Work Newsletter,” [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms\\_212742.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_212742.pdf) (accessed May 27, 2013).

<sup>67</sup> The Canadian CED Network, “UN Social and Solidarity Economy Conference Yields Rich Results,” <http://ccednet-rdec.ca/en/node/11983>.



The MST's success has won it international recognition, embodied in grants from UNESCO and UNICEF and awards from the UN.<sup>68</sup>

The MST clearly parallels the solidarity economy in general: it is both a model of a future democratic, socialist society and a means of bringing it about. More specifically, as activist Ethan Miller says, the means to the end is that “building relationships between solidarity-based enterprises and larger social movements builds increased support for the solidarity economy while allowing the movements to meet some of the basic needs of their participants, demonstrate viable alternatives, and thus increase the power and scope of their transformative work.”<sup>69</sup> It is worth noting, incidentally, that the MST belongs to the Brazilian Solidarity Economy Forum, which “works on an even broader scale [than the MST], incorporating [as of 2006] twelve national networks and membership organizations with twenty-one regional Solidarity Forums and thousands of cooperative enterprises to build mutual support systems, facilitate exchanges, create cooperative incubator programs, and shape public policy.”<sup>70</sup> This is, or may someday herald, the revolution in action.

A broad category, and a particularly well-known one, of the solidarity economy is the movement known as Fair Trade, which has expanded significantly in the last couple of decades. As defined by the World Fair Trade Organization (in association with Fairtrade International, the Network of European Worldshops, and the European Fair Trade Association), Fair Trade is a “trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in the South.”<sup>71</sup> More specifically, it “promotes standards for production practices and delivery procedures, working conditions and labour remuneration, environmental care and social policies in supply chains of certified goods.”<sup>72</sup> The Fair Trade Labeling Organization (FLO) was established in 1997 to set standards worldwide and certify that particular products embody these standards. Among the growing range of goods that the certification system can cover are coffee, bananas, sugar, oranges, tea, chocolate, wine, rice, honey, flowers, cosmetics, and clothing. As the Fair Trade movement has gone mainstream, with large retailers selling certified products, the worldwide volume of sales has increased; in 2018, for example, sales were up to 9.8 billion euros, 15 percent higher than the previous year.

The way Fair Trade works is quite complex, but the main point is that for a product to be Fairtrade-certified it has to have been produced and traded under conditions characterized by, for instance, the absence of child labor and forced labor, workers' freedom to unionize, compliance with ILO conventions on working conditions, respect for the environment, commitment to gender equity

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<sup>68</sup> Laura Landertinger, “Brazil’s Landless Workers Movement (MST),” 2009, <http://www.yorku.ca/erlac/documents/Landertinger.pdf> (accessed May 31, 2013); Miguel Carter, “The Landless Rural Workers’ Movement and the Struggle for Social Justice in Brazil,” in *Rural Social Movements in Latin America*, 88.

<sup>69</sup> Ethan Miller, “Other Economies Are Possible!”, *ZNet*, September 9, 2006.

<sup>70</sup> Ibid.

<sup>71</sup> World Fair Trade Organization, “A Charter of Fair Trade Principles,” January 2009, 6, at [https://wfto.com/sites/default/files/Charter-of-Fair-Trade-Principles-Final%20\(EN\).PDF](https://wfto.com/sites/default/files/Charter-of-Fair-Trade-Principles-Final%20(EN).PDF).

<sup>72</sup> Ruerd Ruben, “The development impact of Fair Trade: from discourse to data,” in *The Impact of Fair Trade*, ed. Ruerd Ruben (The Netherlands: Wageningen Academic Publishers, 2008), 19.

and poverty reduction, and the importer's payment to the producing organization (e.g., an agricultural cooperative) of both a specified minimum price and a premium. The minimum price helps shield farmers from the volatility of world markets, while the premium goes into a fund that farmers and workers can use for community purposes, as they see fit. Producers and traders who want to sell Fairtrade-labeled products have to pay a fee to FLO, which inspects them to certify that they adhere to the requisite standards.

Studies have shown that, so far, Fair Trade (FT) has had mixed results in terms of improving local conditions and empowering farmers and workers. On the one hand, "guaranteed Fair Trade market outlets and stable prices provide incentives to producers to realise on-farm investments, intensify input applications and enhance labour use."<sup>73</sup> FT associations and cooperatives can provide farmers with technical assistance and administer social and environmental projects made possible by the FT premium. Land and labor productivity are thereby raised above those of non-FT producers, which translates into higher household income and willingness to invest in long-term projects. According to some studies, FT producers report a greater sense of well-being and a more positive outlook for their future than non-FT producers do. Nutritional standards are higher and infant mortality rates lower than in households without access to Fair Trade organizations. Participation in Fair Trade has been found to reduce farmers' economic vulnerability, assist in poverty reduction, enhance family stability, improve children's education, strengthen the role of women in their community, and benefit the natural environment.<sup>74</sup>

On the other hand, these positive effects are not universally observed, in part because the certification process is not foolproof and FT standards are not consistently enforced. There are relatively few impact studies of Fair Trade, and the ones that exist do not always have sound methodologies. One thing known for sure is that few FT producers are able to sell most of their product to FT outlets, because of insufficient demand. Fair Trade is still a very small fraction of global trade even in such commodities as coffee and bananas; about 1.5 million farmers and workers around the world participate in it.<sup>75</sup> In 2011, FT producer revenues in the export of coffee, bananas, cocoa beans, and cane sugar were less than 1 percent of the global value of exports (although FT markets are growing at a brisk pace).<sup>76</sup> Some critics worry, too, that as FT becomes more mainstream, it is losing its commitment to the values that originally sustained it. Other common criticisms are that FT doesn't necessarily benefit migrant laborers, that its impact on non-FT producers is ambiguous at best, that the premiums consumers pay do not always directly benefit farmers, and that FT's consumer-driven model means it "cannot address the core problem of excessively concentrated markets in which a handful of over-powerful transnational corporations dictate terms of trade and suck profits up into their own coffers."<sup>77</sup>

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<sup>73</sup> Ruerd Ruben et al., "Fair Trade impact of banana production in El Guabo Association, Ecuador," in *The Impact of Fair Trade*, 155.

<sup>74</sup> Stephanie Geiger-Oneto and Eric J. Arnould, "Alternative Trade Organization and Subjective Quality of Life: The Case of Latin American Coffee Producers," *Journal of Macromarketing*, Vol. 31, No. 3 (September, 2011): 276–290.

<sup>75</sup> Felicity Lawrence, "Fairtrade shouldn't all be down to the consumer," *The Guardian*, February 26, 2012.

<sup>76</sup> Kimberly Ann Elliott, "Is My Fair Trade Coffee Really Fair?," *Center for Global Development*, Policy Paper 017, December, 2012, [http://www.cgdev.org/doc/full\\_text/policyPapers/1426831/Is-My-Fair-Trade-Coffee-Really-Fair.html](http://www.cgdev.org/doc/full_text/policyPapers/1426831/Is-My-Fair-Trade-Coffee-Really-Fair.html) (accessed June 21, 2013).

<sup>77</sup> Felicity Lawrence, "Fairtrade shouldn't all be down to the consumer"; Colleen Haight, "The Problem with Fair Trade Coffee," *Stanford Social Innovation Review*, Vol. 9, No. 3 (Summer 2011): 74-79.

Insofar as there is justice to these criticisms, the best answer to them is probably the one that applies to all initiatives in the solidarity economy: they cannot realize their transformative potential unless backed up by social and political movements. But if they are, and if the capitalist state feels compelled to tolerate and support them, then they can indeed be components of systemic change. Fair Trade has already raised consciousness in the global North, making people more aware of conditions in the South and proving that consumers are willing to pay extra for products if doing so benefits farmers and workers. The task now is the admittedly difficult one of making the movement more mainstream while simultaneously shoring up its commitment to strict standards of producer empowerment. As producers improve their living standards, get access to more resources, and develop a greater sense of collective self-worth, they will have more success in pressing for political changes in their own countries. Fair Trade can also potentially assist in building solidarity movements in the North, and it can provide issues on which to pressure governments—and resources by which to do so. It is true, though, that ultimately the main component of systemic change is the transformation of the class structure, and here Fair Trade, in its current form, must play a subordinate role. The main strategic emphasis has to be on movements that directly attack the power of transnational corporations and aim to bypass them by organizing economic activity through different paths. What those paths will be is still not clear.

There are obvious possibilities, however—and even obvious necessities. As author John Restakis argues, any future moral—and sustainable—regime of global trade will have to give a central place to agricultural cooperatives of the sorts that already exist across the South (and North). Only cooperatives, whether of separately producing farmers or of workers who collectively manage a single farm, can provide producers with the democratic agency and protections they need. One relevant model of a regional economy is the so-called [Emilian Model](#), named after the Emilia-Romagna region of northern Italy. This system that permits small farmers organized in cooperatives to produce many of Italy's food products could be replicated in other parts of the world, with assistance from the global cooperative and Fair Trade movements. It is worth quoting some of Restakis's speculations on this score:

The global co-operative movement contains within itself the material resources to do what the fair trade movement alone cannot do. Credit is one example. The credit unions of both rich and poor nations have the capital to establish a Fair Trade and Development Bank to do what the World bank and the IMF will never do—give direct support to farmer organizations, NGOs, business groups and local communities to build regional economies based on democratic control and ownership. An international co-operative development bank with members and progressive stakeholders from among consumers in the North and small producers in the South could provide the credit necessary to fuel the kind of value-added development that is now beginning to emerge in these areas. Among its top priorities would be to build up local credit unions that can play a regional role in this development process. This has already begun. The World Council of Credit Unions (WCCU) and the national co-operative federations of many countries have been working to build the development infrastructure of Southern regions for many years...<sup>78</sup>

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<sup>78</sup> John Restakis, *Humanizing the Economy: Co-operatives in the Age of Capital* (British Columbia: New Society Publishers, 2010), 186, 187.

What the future holds for global trade is anyone's guess, but it isn't impossible to imagine a new regime that gives a more prominent place to Fair Trade organizations, regulatory structures that protect small farmers, and regional coordination of development among cooperatives and local governments.

Turning to the North, in particular the U.S., recent research has illuminated potentially revolutionary developments of a different character than those we have been discussing. Gar Alperovitz is the scholar who has, arguably, done the most work on this subject, and his book *What Then Must We Do? Straight Talk about the Next American Revolution* (2013) is essential reading. Alperovitz is not alone, however: a veritable industry of reportage and scholarship has grown to document the systemic alternatives that are emerging throughout the North. As these alternatives become more widely known, one can expect them to continue spreading on an almost exponential scale, as people clamor for change.

One example that Alperovitz discusses is “municipal enterprise,” effectively a kind of small-scale socialism whereby local government owns and operates properties and businesses. As the website [Community-Wealth.org](http://www.community-wealth.org) reports, “Increasingly, local governments have turned to municipal enterprise to both raise revenue and promote local jobs and economic stability by developing a more diversified base of locally controlled wealth.”<sup>79</sup> For instance, there are over two thousand publicly owned electric utilities in the U.S., which, together with a number of co-ops, collectively supply 25 percent of U.S. electricity—more efficiently and at lower cost to the consumer than private utilities do. Hundreds of cities have built public internet networks too, and hundreds more are building them now.<sup>80</sup> Many other cities are involved in hotel construction and ownership, hospital ownership, transit development projects, ownership of land that is leased to companies for a profit, and environmentally friendly businesses like methane-recovery.

Important initiatives are in the works on the state level as well, most notably, perhaps, proposals to establish public state banks. North Dakota is the only state that has such a bank; it has been in operation since 1919. Its public bank is one reason why North Dakota was the only state to have a continuous budget surplus in the years after 2008. As Ellen Brown noted in 2011, “The bank has contributed over \$300 million in revenues over the last decade to state coffers, a substantial sum for a state with a population less than one-tenth the size of Los Angeles County.”<sup>81</sup> Public banks allow governments to invest in local communities, in ways that actually benefit the community rather than some distant corporate elite. Accordingly, a public banking movement is growing: thirty states, for example, have proposed legislation to establish a state-owned bank.<sup>82</sup> Counties and municipalities are likewise beginning to consider proposals for public banks.

Another type of institution that seems to have transformative potential is the benefit corporation (B Corp), which is a new legal form created in 2010. This kind of corporation differs from others

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<sup>79</sup> “Overview: Municipal Enterprise,” <http://www.community-wealth.org/strategies/panel/municipal/index.html> (accessed June 24, 2013).

<sup>80</sup> Gar Alperovitz, *What Then Must We Do? Straight Talk about the Next American Revolution* (White River Junction, Vermont: Chelsea Green Publishing, 2013), 58, 60.

<sup>81</sup> Ellen Brown, “Banking for California’s Future,” *Yes! Magazine*, September 14, 2011.

<sup>82</sup> Public Banking Institute, “Banking in the Public Interest,” <http://publicbankinginstitute.org/>.

in that “the goal is both to make profits and to use some part of them for social purposes.”<sup>83</sup> Shareholders cannot sue these businesses for failing to prioritize profits above all else, as they can in the case of a conventional corporation. The depth of public support for B Corps, and in general for a new, more socially conscious way of conducting economic activity, is shown by the fact that 33 states have passed laws for benefit corporations.<sup>84</sup> The number in early 2010, again, was zero.

More common than B Corps—because older—are community development corporations (CDCs), community development financial institutions (CDFIs), and community land trusts. CDCs are

nonprofit organizations dedicated to bringing about the revitalization of a clearly defined geographic area—often an urban neighborhood scarred by decades of disinvestment and concentrated poverty or an isolated and underdeveloped rural area. Governed by boards of directors composed primarily of local residents and other citizens with a strong stake in the community, most CDCs engage in some form of economic development within their service areas.<sup>85</sup>

They have been most successful at housing development, but in the twenty-first century have tried to return to the vision of their original founders (in the 1960s) and engage in “comprehensive economic, social, and political development activities,” including community-owned and -controlled business development and economic revitalization. By 2005, 4,600 CDCs had created over 1,252,000 units of affordable housing and generated 774,000 jobs.<sup>86</sup> They rely for funding on nonprofits, foundations, corporations, and all levels of government. CDFIs, similarly, are institutions that give credit to communities shunned by traditional lenders; they include community development banks, community development credit unions, microcredit programs, etc. Community land trusts, on the other hand, of which there are several hundred in the U.S., are nonprofit corporations that hold and lease land to keep it affordable for the community by removing it from the sphere of the market. The National Community Land Trust Network states that the purposes of these nonprofits are “to provide access to land and housing to people who are otherwise denied access; to increase long-term community control of neighborhood resources; to empower residents through involvement and participation in the organization; and to preserve the affordability of housing permanently.”<sup>87</sup> What their long-term potential may be is still not clear, but if sufficient public pressure is broad to bear on government, they could become of more than marginal significance.

The same is true of the more experimental and radical movement to establish “[Transition Towns](#)” around the world, where initiatives exist to “rebuild local agriculture and food production,

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<sup>83</sup> Alperovitz, *What Then Must We Do?*, 39. See Jamie Raskin, “The Rise of Benefit Corporations,” *The Nation*, June 27, 2011.

<sup>84</sup> Jaime Lee, “Benefit Corporations: A Proposal for Assessing Liability in Benefit Enforcement Proceedings,” *Cornell Law Review*, vol. 103, no. 4 (May 2018): 1081 ([here](#)).

<sup>85</sup> Thad Williamson, David Imbroscio, and Gar Alperovitz, *Making a Place for Community: Local Democracy in a Global Era* (New York: Routledge, 2002), 213.

<sup>86</sup> Joyce Madell, “CDCs and the Myth of the Organizing-Development Dialectic,” Madison, WI: COMM-ORG: The On-Line Conference on Community Organizing, Vol. 15, 2009.

<sup>87</sup> National Community Land Trust Network, “What Are Community Land Trusts?,” <http://www.cltnetwork.org/About-CLTs/What-Are-Community-Land-Trusts> (accessed June 26, 2013). See also John Emmeus Davis, ed., *The Community Land Trust Reader* (Cambridge, MA: Lincoln Institute of Land Policy, 2010).

localiz[e] energy production, rethink healthcare, rediscover local building materials in the context of zero energy building, [and] rethink how we manage waste.”<sup>88</sup> As Richard Heinberg characterizes it, “the ‘transition’ that’s being referred to is away from our current growth-based, fossil-fueled economy and toward a future economy that is not only sustainable but also fulfilling and interesting for all concerned.”<sup>89</sup> The movement began in 2005 in Totnes, England, and has spread to several thousand towns in over fifty countries, all of which have initiatives inspired by the belief that “communities must become more resilient in the face of three catastrophic threats: peak oil, global warming and economic instability.”<sup>90</sup> These initiatives include such projects as community gardens, community-owned energy production, community-owned bakeries and breweries, local currencies, and programs to incubate sustainable businesses. One celebrated initiative is called Transition Streets, which, in Totnes, “brought residents together, block by block, to support each other in decreasing their home energy use through improvements like insulation and solar panels. On average, each of the 550 participating households cut its annual carbon use by 1.3 tons and its annual energy bill by £570 (about \$883).”<sup>91</sup> Such projects admittedly seem too tiny to make much of a difference, but this may change as they become more common and publicized. The vision of “localization” that is behind them is likely to be ever more appealing, indeed necessary for survival, as the capitalist status quo disintegrates in the next century (or less).

Turning to politics, a radical reform called participatory budgeting is gaining momentum around the world. First developed in Porto Alegre, Brazil in 1988, when the Workers’ Party was elected, it has spread to over [7,000 cities](#) on all inhabited continents. Erik Olin Wright describes its functioning in Porto Alegre as follows:

Without going into details, the basic idea [of municipal participatory budgeting] is that citizens meet in popular assemblies throughout the city to deliberate about how the city budget should be spent. Most of these assemblies are organized around geographical regions of the city; a few are organized around themes with a city-wide scope—like public transportation or culture. At the beginning of the budget cycle each year these assemblies meet in plenary sessions. City executives, administrators, representatives of community entities such as neighborhood associations, youth and sports clubs, and any interested inhabitant of the city attends these assemblies, but only residents of the region can vote in the regional assembly. Any city resident participating in a thematic assembly can vote in those. These assemblies are jointly coordinated by members of municipal government and by community delegates.<sup>92</sup>

In Porto Alegre, participatory budgeting has tended to have high levels of participation and generated positive results. One resident observed in 2002 that before participatory budgeting, “there was no sewer, school, health clinic, or transportation. Now, a reservoir has been built with 6 million liters of water, the streets have been paved, and a school opened.”<sup>93</sup> In fact, as reported

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<sup>88</sup> Richard Heinberg, *The End of Growth: Adapting to Our New Economic Reality* (Canada: New Society Publishers, 2011), 271.

<sup>89</sup> *Ibid.*, 270.

<sup>90</sup> Jessica Stites, “How the Transition Movement Is Spreading to Towns Across America,” *AlterNet*, June 11, 2013.

<sup>91</sup> *Ibid.*

<sup>92</sup> Wright, *Envisioning Real Utopias*, 110.

<sup>93</sup> David Lewitt, “Porto Alegre’s Budget Of, By, and For the People,” *Yes! Magazine*, December 31, 2002.

by the World Bank, “Sewer and water connections in the city...went up from 75 percent of total households in 1988 to 98 percent in 1997. The number of schools has quadrupled since 1986. Porto Alegre’s health and education budget increased from 13 percent in 1985 to almost 40 percent in 1996.”<sup>94</sup> There has been a “massive shift in spending toward the poorest regions of the city,” corruption has been dramatically reduced due to transparency, and a “thickening” of civil society has occurred, with civic groups of all kinds being stimulated by issues of democratic budgeting.<sup>95</sup> In the 2000s, participatory budgeting began to spread at an accelerated pace, finally reaching the United States in 2010 (in Chicago). The impressive successes it has had here and elsewhere are showcased on the Participatory Budgeting Project’s website, [participatorybudgeting.org](http://participatorybudgeting.org).

The point, again, is that democracy, cooperation, and transparency are not only ethically imperative but more socially efficacious than the top-down, corporatized, bureaucratic, secretive methods of the contemporary *ancien régime*. When ordinary people have a democratic say in budget allocation, the money goes where it is needed most, not where it will benefit only some politically connected corporate interests. Schools are built, streets repaired, libraries expanded, facilities improved. Poor neighborhoods see more money, and can expect greater accountability, than they would otherwise. At the same time, involvement in the political process creates a better informed and more active citizenry, empowering people to form associations and networks through which they demand ever greater expansions of democracy from political officials. Participatory democracy reinforces and expands itself, so to speak. It counteracts social atomization, builds community, militates against apathy, and captures resources for people who will use them to further improve democracy.

Measures of even greater democratic significance have been enacted in Kerala, India. When Kerala’s Left Democratic Front coalition came to power in 1996 it began a program of administrative, fiscal, and political decentralization to 1,214 local governments. This ambitious campaign took advantage of the 1993 Constitutional mandates to increase local government power as a response to India’s developmental failures and crisis of democracy.<sup>96</sup> A brief summary gives some sense of the project’s scale:

The nested design of the Campaign’s core institutions—Grama Sabhas (ward-level assemblies), development seminars, task forces, and local governments—represents a deliberate attempt to broaden avenues for citizen participation. In every year since 1997, local governments in Kerala have formulated and implemented their own development plans. These plans take shape through a multi-stage process of iterated deliberation between elected representatives, local and higher-level government officials, civil society experts and activists, and ordinary citizens. The process begins in open local assemblies, called grama sabhas, in which participants discuss and identify development priorities. Development seminars formed by the grama sabhas are then tasked with developing more elaborate assessments of local problems and needs. The development seminars give way to multi-stakeholder task

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<sup>94</sup> World Bank, “Participatory Budgeting in Brazil,” [here](#).

<sup>95</sup> Wright, *Envisioning Real Utopias*, 111.

<sup>96</sup> T. M. Thomas Isaac and Patrick Heller, “Democracy and Development: Decentralized Planning in Kerala,” in *Deepening Democracy: Institutional Innovations in Empowered Participatory Governance*, eds. Erik Olin Wright and Archon Fung (New York: Verso, 2003), 78.

forces that design specific projects for various development sectors. These projects are in turn submitted to local elected bodies (municipal councils called panchayats) that formulate and set budgets for local plans. Final plans are presented back to grama sabhas for discussion. These local plans are then integrated into higher-level plans (blocks and districts) during which all projects are vetted for technical and fiscal viability.<sup>97</sup>

The logistics are very complex, but the campaign seems to have been successful both at invigorating democracy—it is extremely popular—and at implementing development more effectively than before. This is partly because “popular involvement increases problem-solving efficiency through better and more rapid feedback and increases accountability by multiplying the points of scrutiny.”<sup>98</sup> Much greater priority has been given to basic needs like sanitation, housing and drinking water than in the past, and there are now significant interregional differences as opposed to the “one-size-fits-all logic of the past.” Just between 1997 and 1999, 98,494 houses were built, 240,307 sanitary latrines constructed, 50,162 wells dug, 8000 kilometers of roads built, and 2,800,179 people received support for seedlings and fertilizers—all of which far exceeds achievements from earlier comparable periods.<sup>99</sup> At the same time, corruption has declined significantly.<sup>100</sup>

The innovations in Kerala demonstrate the possibility of a politics different from the anti-democratic paradigm of the present. As an alternative economy develops, a Kerala-style politics may follow in its wake.

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All these quasi-experimental “non-reformist reforms,” involving millions of people and thousands of institutions across the world, cannot be a mere historical curiosity.<sup>101</sup> They have epochal potential. One participant contrasts them with the dreams of the old anarchists and socialists who looked forward to a cooperative commonwealth: “The old cooperativism,” he says, “was a utopia in search of its practice, and the new cooperativism is a practice in search of its utopia.”<sup>102</sup> The contrast is apt. The tragedy of the old cooperativism, from a Marxist perspective, is that consciousness outran material conditions, material possibilities, and so it was doomed to failure; the new cooperativism has placed consciousness at the service of people’s immediate economic interests, so that new modes of production and of governance are evolving step by step. Utopian dreams are being subordinated to economic realities—thus, perhaps, making possible the realization of “utopian dreams” in the distant future.

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<sup>97</sup> Ibid., 79.

<sup>98</sup> Ibid., 96.

<sup>99</sup> Ibid., 100.

<sup>100</sup> N. Ramakantan, “Democratic Decentralization and Empowerment of Local Government Associations in Kerala,” *Commonwealth Journal of Local Governance*, vol. 2 (January, 2009): 128–136.

<sup>101</sup> Again, in the foregoing discussion I have hardly sampled the full range of initiatives. For many more examples, particularly of “municipalism” in action, see Kevin A. Carson, *Exodus: General Idea of the Revolution in the Twenty-First Century* (Center for a Stateless Society, 2021), chapters 10–12.

<sup>102</sup> Quoted in Ethan Miller, “Other Economies Are Possible!”



The obvious question, however, is the one that has been posed to radicals from time immemorial: *how* will the old world succumb to the new? How is that possible? What will the process look like? At this moment in history, characterized by a convergence of crises, it is easier to imagine catastrophe than a new and more stable civilization. We're rushing headlong into a perfect storm of crises. For example, [the UN projects](#) that the world population will be almost ten billion by 2050, which of course will put severe strain on human and natural resources. At the same time, global warming is expected to have an incalculably destructive impact on civilization and the global ecosystem: ocean levels could rise three feet or more by the end of the century; temperatures will rise at least 2.7 degrees Fahrenheit, probably much more; extreme heat waves will contribute to difficulty growing food and to massive changes in plant and animal life.<sup>103</sup> In addition, the sword of Damocles hangs over humankind in the form of possible nuclear war, whether provoked by state or by non-state actors. And then there is the impending long era of economic crisis and stagnation I've already discussed, as well as other forms of ecological destruction besides global warming. These circumstances are enough to show that there will be no smooth or peaceful transition to a more equitable and just society.

Some commentators, such as Chris Hedges and Richard Heinberg, insist that we are headed for a near-apocalyptic scenario. "The steady depletion of natural resources," Hedges writes, "especially fossil fuels, along with the accelerated pace of climate change, will combine with crippling levels of personal and national debt to thrust us into a global depression that will dwarf any in the history of capitalism." Heinberg has predicted for years that soon our economic system will "implode":

And when it does the financial system will seize up far more dramatically than in 2008. You will go to the bank or the ATM and there will be no money. Food will be scarce and expensive. Unemployment will be rampant. And government services will break down. Living standards will plummet. "Austerity" programs will become more draconian. Economic inequality will widen to create massive gaps between a tiny, oligarchic global elite and the masses. The collapse will also inevitably trigger the kind of instability and unrest, including riots, that we have seen in countries such as Greece...<sup>104</sup>

These dire prophecies may be accurate, or they may be exaggerated. What should be uncontroversial is that multifaceted crisis is here to stay for a very long time. It's predictable what popular reactions to it will be: demonstrations, periodic rioting, looting (e.g., in the case of natural disasters), perhaps a rise in crime, and grassroots organizing on both the political left and the right. What will, in large part, determine how it all plays out is the reaction of the ruling class, which possesses most of society's resources and so has disproportionate power over the directions in which history proceeds.

Above I made some rather vague predictions regarding the behavior of governments and the ruling class, which I will elaborate on now. Of course, it is impossible to predict the long-term future

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<sup>103</sup> Justin Gillis, "Climate Panel Cites Near Certainty on Warming," *New York Times*, August 19, 2013; Joan Vidal, "Millions face starvation as world warms, say scientists," *The Observer*, April 13, 2013; Dahr Jamail, "Are We Falling Off the Climate Precipice?," *Truthout*, December 17, 2013.

<sup>104</sup> Quoted in Chris Hedges, "Globalized Growth Is the Problem, Localism Is the Solution," *Truthout*, Monday, September 10, 2012.

with any certainty. For all we know, global warming will destroy most of the species in the next couple of hundred years, or the collapse of our current world system will lead to a century of wars over natural resources. Nevertheless, I think it can be useful and interesting to speculate on possible paths that the future will take—and not only because I consider apocalyptic scenarios to be far from inevitable. Assuming that human society doesn't revert to some kind of Hobbesian state of nature, one can sketch plausible paths of historical development and use those sketches to help guide strategy.

As I said above, the point to keep in mind is that governments and ruling classes are not monolithic entities. *This fact is what makes possible a paradigm of revolution different from the orthodox Marxist one:* rather than the working class suddenly rising up as one in a titanic social explosion, bursting through the straitjacket of a unified ruling class that has refused to reform capitalism, what can and should happen—and has happened in the past—is that popular struggles exploit divisions in the ranks of the elite so as to achieve gradual (though not “smooth” or “peaceful”) progress. Many wealthy people and institutions are reactionary, but many are progressive. In order to accomplish lasting, democratic change, it is necessary for popular movements to get some of the progressive elite at least partly and provisionally on their side. Universities, nonprofits, philanthropic foundations, liberal millionaires and billionaires, progressive businesses, and policymakers are just some of the entities whose wealth and influence can be critical to the success of a movement or a new idea. By any means necessary, one must get their (active or passive) support—because if it isn't forthcoming, the combined might of the reactionary and the liberal elite will squash the left.

Fortunately, the last 150 years of Western history have taught us that when crisis afflicts society, much of the “liberal” section of the elite is willing to favor measures that benefit the populace and are not dictated solely by the short-term interest of the capitalist class (or some narrow sector of it). There exist wealthy allies, or at least non-enemies, of environmentalism, public education and other public resources, civil liberties, the labor movement, infrastructure development, and the social and solidarity economy. As the reign of neoliberalism deepens the crises that beset the world, more and more entities in the ruling class will divert more and more resources to assuaging popular discontent, in many cases by funding radical new initiatives such as have been surveyed here. The rot that runs through traditional government and civil society makes this “experimentalism” utterly predictable—because “desperate times call for desperate measures.”

It is instructive to contrast, again, the present situation with that eighty or a hundred years ago. Aside from the comparatively serious and multifaceted nature of contemporary crises, there are crucial differences between the periods that should hearten present-day radicals. Certainly the national and international left does not appear to be in great shape at the moment. On the other hand, a closer look reveals glimmers of hope. First of all, popular movements potentially have far more resources available to them now than in the 1930s or before. Technology is infinitely more advanced than it was, making possible global resistance movements and more effective coordination between them. Electronic media make it easier to publicize, on a wider scale, projects in an alternative economy and politics. Society is awash in wealth and knowledge, which, although it's concentrated at the top now, could be harnessed and used for the benefit of “the 99 percent” and their dissent. Many of the people who will be in dire economic straits in the coming decades are highly educated, college graduates, articulate and aware, who were raised with high

expectations and are likely to be radicalized relatively easily. Moreover, their education and former position in the middle class will probably ensure that their protest is less ineffectual than that of some more marginal group might be.

From one perspective, the fragmentation of the contemporary left isn't even a terrible thing. For it arises, in part, from the fragmentation of society itself, the dissolution of an integral capitalist civil society and the nation-state. A decaying social fabric—and a decaying national state—signifies, in the long run, a decaying corporate capitalism, a doomed civilization. It was different during the Great Depression, though: then, it was clear very quickly to far-seeing liberals that what was necessary to save capitalism was a stronger state, more state intervention in the economy, and stronger labor unions to bargain for high wages and so keep demand high and the economy running. With the strengthening of the state and unions would come a repairing of the social fabric and, in fact, the heyday of the nation-state system. Now, ninety years later, no one has a clear idea of how to save society (neoliberal globalization having made Keynesian nationalism impracticable)—which, in a sense, is a *good* thing for radicals, because it suggests that we really are approaching the end of the capitalist epoch. Systems and institutions are floundering; the left, for now, is floundering, as is the center, as is (in some cases) the right. But all this floundering opens up space for “decentralized” innovation, grassroots experimentation, localism and regionalism, under-the-radar moves toward cooperativism. This slow, semi-interstitial process is the natural way in which social (economic) systems yield to their successors.

Another respect in which the present has promise is that its transnational framework militates against fascism. Whatever revolutionary potential the 1930s had was vitiated by the consolidation of state capitalism, which in this early phase was easily susceptible to fascism, or “palingenetic ultra-nationalism.”<sup>105</sup> Fascist movements marched all over Europe in the 1930s, and in some cases they achieved total or partial control of the state. After all, they were useful to certain sections of the ruling class in their struggle to beat back the labor movement, Socialists, and Communists. At present, the same goal exists among similar reactionary entities of beating back the labor movement and progressivism of whatever form, and, as we have seen with business support of the Tea Party and Donald Trump, some of these entities are even willing to bankroll proto-fascist movements for this purpose. It is also true that as the middle class declines, one can expect many of the aggrieved to have sympathy with right-wing causes and organizations. This fact presents clear dangers for the left.

Nevertheless, the dangers are surely not what they were in the 1930s. The point, again, is that the world is simply too interconnected now, and transnational corporations have too much power, for a return to the era of sovereign and autonomous nations to occur. In the thirties it was easier to assemble and consolidate the political apparatus of reactionary ultra-nationalism than it is in an age of advanced globalization, unparalleled access to information from global sources, widespread higher education, and greater political sophistication among the elite than when they allowed outright fascist leaders to achieve total power in the early twentieth century. Nor should we discount the lessons that people and institutions have learned from the experiences with Italian Fascism and German Nazism. Historical memory is not always acute, but in this case its power is not insignificant. Proto-fascist movements can do enormous damage, but the possibility seems

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<sup>105</sup> That's Roger Griffin's definition, quoted in Stanley Payne, *A History of Fascism, 1914–1945* (Madison, Wisconsin: University of Wisconsin Press, 1995), 5.

minimal that they will decisively take over many national governments and start World War III. Worldwide, it is likely that far more people will join progressive movements than fascist ones.

As for the much-discussed decline of the middle class, there are silver linings in this. One would be a fool to deny it is causing untold human suffering and is a fundamental manifestation, even a cause, of the horrors that are wrecking society.<sup>106</sup> A Marxian, “dialectical” standpoint, however, which sees the good in the bad and vice versa, can complicate the narrative of unmitigated catastrophe. For the “middle class”—by no means a monolithic entity—has tended to be the bastion of centrist conservatism, the ballast that has steadied the course of capitalism (or, frequently, turned it to the right). No transition to post-capitalism could have occurred as long as the middle class was stable and intact, because few people whose material circumstances are satisfactory would ever give that up to fight for the mere hope, and the very risky prospect, of a completely different social system.<sup>107</sup> That is to say, as long as traditional labor unionism was strong, thus keeping the middle class strong, revolutionary hopes were doomed. Unions and collective bargaining had to decline—as did the welfare state—in order for radical possibilities to open up. This is an unpleasant and ironic truth that many leftists prefer to deny, but it *is* true. As I have argued, a post-capitalist order never could have happened within the corporatist framework of the nation-state; and industrial unionism and the welfare state were essential components of the mature Western nation-state. So they had to go. (And they were bound to go sooner or later, given capital’s aggressiveness and its increasing mobility on a global scale.) In any case, capitalism cannot end except in the context of economic crisis, as Marx sensibly argued. And crisis on the scale necessary is incompatible with the existence of a large and protected middle class. So the decline of this “class,” while presenting dangers in the form of proto-fascism, is a necessary prerequisite to a transition out of capitalism.<sup>108</sup>

The old question remains: is such a transition “inevitable,” as many Marxists have thought? Is corporate capitalism *necessarily* going to succumb to its own contradictions and to the crises, and resistance, it engenders? On this question, too, I’m an optimist, as I indicated above. For one thing, no social system is permanent; everything in history is transitory and in flux. More substantively, I agree with István Mészáros: “The fraudulence and domination of capital and the exploitation of the working class cannot go on forever. The producers cannot be kept constantly and forever under control.”<sup>109</sup> Indeed, the inevitability of the current social order’s demise seems so obvious to me I can scarcely argue for it. The facts speak for themselves: no civilization can possibly weather all the crises that are in their infancy now. Radical reforms are inevitable.

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<sup>106</sup> Robert Reich often writes thoughtfully about the decline of the middle class on his blog, <http://robertreich.org/>.

<sup>107</sup> Erik Olin Wright makes this argument in *Envisioning Real Utopias*.

<sup>108</sup> Marx had intellectual integrity, so he wasn’t afraid to embrace unattractive but correct implications of his thought. During and after the 1850s he looked forward to economic crisis and was happy when it arrived, because he recognized that it fostered the conditions for revolutionary movements. (See Jonathan Sperber, *Karl Marx: A Nineteenth-Century Life* (New York: Liveright, 2013).) Nowadays, some Marxists, such as the editors of *Jacobin*, who lack Marx’s hard-headed realism and appreciation of history’s “dialectical irony” think that twentieth-century social democracy could potentially have led straight into socialism if only things had gone differently, and that some sort of comprehensive resurrection of the welfare state can still lead to such an outcome. See, e.g., Peter Frase and Bhaskar Sunkara, “The Welfare State of America,” *In These Times*, October 22, 2013. I briefly critique these ideas in an article called “A Modest Proposal for Socialist Revolution,” at [Hampton Institute](http://HamptonInstitute.com), January 16, 2020.

<sup>109</sup> István Mészáros, *The Structural Crisis of Capital* (New York: Monthly Review Press, 2010), 170.

One way the future may play out is that such reforms, eventually supported by much of the elite, continue to spread globally for many decades as social instability increases. They build up a constituency that acquires a vested interest in their maintenance and expansion. Since national governments and bureaucracies are simultaneously becoming ever more dysfunctional and inadequate to the task of ensuring social order, the “reforms” frequently amount to a partial ceding of powers to the regional, local, and international scales. Military and police repression of far-left movements continues in many places, and such movements or parties are rarely permitted to capture national governments (because they’re too important), but on less visible scales, such as the local and regional, “the people” do have more and more say in governance—because the elite finds it necessary to make some concessions, and it is less dangerous to do so on lower levels of governance than on higher levels. Nevertheless, even on the level of national governments one can predict that the left makes slow progress—simply because the right can’t control things forever, otherwise society would completely collapse. The left’s increasing success is partly a result, too, of the fact that the ranks of the hyper-elite are thinning due to the repeated bursting of economic bubbles, the protraction of economic crisis, and the consequent colossal destruction of wealth.

As the centers of global capitalism become more preoccupied with internal problems while having fewer resources to devote to policing world politics on behalf of corporate interests, left-wing movements in the global South have greater success against their governments. Quite possibly, democratic initiatives such as have been pursued in Kerala, India become more common, as do participatory budgeting, public banking, and comparable experiments. This gives more resources to the left, which therefore grows. Social and physical infrastructure continues to decay in places where the right still has control and improves where the left does—but, because the left is growing, the long-term trends are largely positive. Environmental destruction and economic stagnation counteract these trends, but in many regions governments are able to alleviate the effects of these negative forces by, for instance, establishing cooperatives, coordinating the distribution of resources to where they’re needed most, and perhaps nationalizing industries. Regarding the natural environment, the severity of the crises and the clamoring of the people finally force governments to take substantive measures against global warming and other forms of ecological destruction—although for centuries to come, environmental disasters are doubtless frequent and devastating. Indeed, billions of people in the next century are, surely, severely affected by global warming and associated calamities, so that innumerable inter- and intra-governmental organizations are established to address these problems (through geoengineering, for example). On local levels, governments tolerate and even encourage the proliferation of “solidarity institutions” we cannot presently foresee to mitigate the impact of extreme weather patterns.

In general, the only adequate way to respond to crisis is by taking measures that are the opposite of privatization and marketization. This fact alone should make a leftist optimistic with respect to the long run. As the world’s corporate sector faces declining profits from global overproduction and underconsumption, and even the financial industry is suffering from replays of the 2008 collapse, its resistance to progressive movements becomes less effective than it once was. More and more corporations succumb to bankruptcy, and, as I suggested a moment ago, industries critical to societal well-being may well be nationalized. In short, over generations, the character of the economy, society, and politics changes such that the “public sphere” expands, albeit typically in less centralized and nationalistic ways than in the mid-twentieth century. After a long evolution, new modes of producing and distributing resources have spread around the world, modes we

cannot clearly anticipate at present. What national governments will look like at this point is impossible to predict, except that they will probably be attenuated relative to the growth of other political forms. Certainly the principle of nationality itself will be hollowed out, since it will hardly serve economic purposes any longer.<sup>110</sup> The corporate capitalist class will have so thinned by this point that in many countries it will be possible for the “working class” (now in a different form, much of it consisting of members of cooperatives and other economically democratic organizations) to effectively take over national governments and continue to transform them into mere extensions and enablers of lower-level and higher-level administrative apparatuses. Throughout this long history there will have occurred innumerable bloody clashes between armed enforcers of the status quo and proponents of democracy, but, as history shows, pure repression cannot work forever. Maybe 150 years from now, things will have started to settle down and the contours of the post-capitalist global order will be clear.

As for that beloved left-wing concept “the dictatorship of the proletariat,” it may be possible to speak of some such thing in the *later* stages of this history, after the capitalist class has lost much of its economic power. (Recall that the “dictatorship of the bourgeoisie” was not possible until capitalist classes had already, over centuries, accumulated significant economic power.) But a so-called proletarian dictatorship will certainly not *begin* the process of change, contrary to Marxist assumptions for over a hundred years. Such a notion is blatantly idealistic. There has to be a *material basis*, a basis of material strength—and a prior partial transformation of economic relations (which is another aspect of the “material basis”)—for the final, total conquest of political power and transformation of political relations.

—What I’ve described here is one possible scenario, a relatively optimistic one. It doesn’t seem wildly implausible, though. The premise underlying it is the commonsense truth that corporate capitalism and privatization are unsustainable, i.e., a popular reaction against them is inevitable. Given this fact, the foregoing scenario is one plausible account of the future. It does leave out such eventualities as nuclear war or the destruction of most of the human species by global warming, neither of which is out of the question. Another unpredictable variable is the politics of white rage, i.e., fascism or proto-fascism, which may be manipulated and co-opted by interests with a stake in imperialist rivalries, for example between the U.S. and China.<sup>111</sup> Nonetheless, whatever scenario one concocts, it is surely inevitable that modes of economic, social, and political cooperation will evolve to partially or totally replace the privatized competition that has led humanity to the brink of catastrophe. If most of the species is destroyed, for instance, democratic cooperation will

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<sup>110</sup> This statement does not imply the crude economic reductionism one might think. Raymond Williams was right that in cultural and political analysis one has to take into account the “residues” of previous systems; for example, Christianity is a residue of the Middle Ages, though in modern times it has assumed new political and social functions that have time and again reinvigorated it. Likewise, the idea of nationality will persist for a very long time, even as economic and political transnationalism and localism make it ever more obsolete. See Raymond Williams, *Marxism and Literature* (New York: Oxford University Press, 1977).

<sup>111</sup> In the Obama years the U.S. began a “Pacific Pivot,” “a major initiative announced late in 2011 to counter a rising China,” write Koohan Paik and Jerry Mander. “According to separate statements by Secretary of State Hillary Clinton and Defense Secretary Leon Panetta, 60 percent of US military resources are swiftly shifting from Europe and the Middle East to the Asia-Pacific region.” Paik and Mander, “On the Front Lines of a New Pacific War,” *The Nation*, December 14, 2012. New military bases have been added to the hundreds that the U.S. already has on foreign soil in the Asia-Pacific, and the proposed Trans-Pacific Partnership “free trade” agreement excluded China. Nikolai Bukharin’s *Imperialism and World Economy* (1915) is worth reading in this context, being a classic analysis of the dynamics that still govern the world economy.

probably be essential to the survival of the remaining humans. Certainly corporate capitalism will no longer exist.

It is largely futile to speculate on the future of the market or whether new forms of barter or economic planning will emerge. What is clear is that, for all the reasons I've given, no other model of revolution than the "gradualist" one I've sketched is relevant to a transition from capitalism to a more just society. Worker cooperatives may well be an important element in the accumulation of resources by leftists and "the people" that is necessary for the latter ultimately to achieve political power. The recognition among unions that a "social movement unionism" has become necessary will cause more to promote and form cooperatives, even as more workers follow the example of Argentinians after 2001 by taking over businesses in the wake of economic collapse and turning them into co-ops.

Incidentally, these happenings provide an opportunity for us to observe history's elegant, albeit inhuman, symmetry and logic: while [the wave of worker cooperatives in the U.S.](#) in the late nineteenth century succumbed to an ascendant corporate capitalism, the wave that is just beginning now—a product of comparable conditions of inequality and economic "anarchy"—will continue to build as its nemesis corporate capitalism dies. Thus, cooperative movements sprang up in the fractured dawn, or pre-dawn, of an era in the 1870s and 1880s, and they spring up at its fractured dusk—only to enjoy a success they could not earlier when their nemesis was in its childhood rather than its old age (and when they themselves didn't have the resources to which they have access now). Neoliberalism has thereby been an unwitting tool of the "cunning" of historical reason, by precipitating the demise of the very order whose consummation it was and making possible the rise of a new one.

This gradual social revolution whose logic I have tried to describe will be grounded at all stages in the gradually changing relations of production. As I have indicated, this thesis, despite its heterodox appearance, is a strict application of historical materialism, in fact more strict than Marx's own vague, idealistic, and impatient prognostications about a proletarian dictatorship (or rather dozens of such dictatorships around the world) "[smashing](#)" a state still situated in a thoroughly capitalist economy. There will be no "all-at-once" insurgent or electoral working-class overthrow of the capitalist state; instead, there will be—unless humanity descends into barbarism—an incremental, *albeit frequently "ruptural" and violently contested*, transformation of political and social practices in concert with the centuries-long transformation worldwide of production relations from capitalist and competitive to democratic and largely cooperative. "Bottom-up" changes (in popular organization) and "top-down" changes (in state policies, influenced by the election of leftists to political office) will reinforce and, as it were, assist each other. Thus, we see that the doctrines of a *properly understood* Marxism and the anarchistic practices of the solidarity economy are perfectly harmonious—*except* that, as Marxists have always argued, political (including electoral) action is an essential component in the project of building new "solidarity" institutions.

Marxists' continuing reluctance to question and revise political formulations, analyses, and slogans from the nineteenth and early twentieth centuries, conceived in political and economic circumstances very different from those today, is an unfortunate product of the tendency to approach the writings of Marx, Engels, Lenin, Luxemburg, and other classic thinkers as if they are

holy writ, the touchstone of all that is revolutionary. Deviations from dogma invite the charge of heresy and result in one's marginalization. The predictable consequence is that theory stagnates and remains behind the times, becoming little more than the outdated, residual ideology of small left-wing sects.

At a time when the left is finally seeing the glimmers of rejuvenation, surely we can do better.