

The Direction of Social Change  
(Tentative Title)

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PREFACE

This book has a two-fold purpose. First, to bring together (ch. 2,4) a small but adequate and orderly set of evidentially-supported generalizations on the basis of which one could usefully consider the ongoing socio-economic changes in our world, and the possibilities of a more humane future form of society (ch. 3,5). Second, to present a message: that a step -- perhaps a necessary one -- toward such a possibility in the development of viable cooperative and employee-owned enterprises -- not based on profit maximization -- within capitalist society (ch. 7,8). The two purposes are interrelated. For to make the "message" of ch. 7,8 seem anything but arbitrary and unrealistic, it is necessary to show (ch. 5) that while capitalism was expanding it was also relinquishing its profit-maximization form of decision-making on various aspects of economic life, into the hands of government and public bodies. To understand current developments in this way, it is necessary to describe capitalism (ch. 3) not monolithically but as a bundle of interrelated social and economic properties, in which the basic criterion is profit-making, leading necessarily to profit maximization. To arrive at such a description of capitalism and of its course of change, it is useful to present (ch. 2,4) certain ~~methodological~~ methodological generalizations about how to describe societies and their change.

## 1. Overview

The great productional success of capitalism, underscored by the productional collapse of communism, is reached at great cost: the poverty and poor conditions of parts of the population, and the waste and pollution of the earth. In view of this, the present book asks whether in spite of its success the capitalist system will end or change substantially in the foreseeable (though not near) future, and if so what are the possibilities that the change will be toward a more equitable and more circumspect social-economic system.

In the first place, we ask what processes if any are leading out of the existing capitalist socio-economic system into a more or less different character of society. Industrial capitalism, which characteristically involves a multiplicity of self-initiating enterprises, each making decisions (that ultimately determine production and consumption) based on an expectation of profit (and in effect of profit maximization), has evolved through many changes over the last several centuries. Certain aspects of this evolution have been due to broad problems in making profit (getting resources, getting employees to work and for sufficiently low wages), and to the inadequacy of the "chaotic" multiplicity of enterprises as framework for needed common action (e.g., for creating a national economic infrastructure such as roads, and more recently for basic research in sciences relevant to production).

The resolution that has enabled capitalism to continue and grow in spite of these problems has largely been to leave them to government (and to a lesser extent to public bodies such as universities, churches, scientists' associations) which resolved them by direct consideration of <sup>the matter at hand</sup> (production and consumption needs, ~~social~~ <sup>science</sup> social control) and not by the highly indirect and complex criteria of expectation of maximum profit. With this, parts of the domain of the profit criterion are being relinquished to government, and thus decreased "behind" capitalism even as that domain is being increased "forward" by capitalism's expansion (geographically, and into more areas of life).

Once this process is exhibited, one can see that there are possibilities of a second, different, way of relinquishing profit-criterion production, replacing it from below by production decisions not based on profit maximization. Such possibilities arise from the many ongoing changes in relative profitability, or in convenience for the capitalist mode of decision-making, among the various industries (sectors of production) and/or among the various individual enterprises (companies). Among companies, bankruptcies, inadequate profitability, closings and sales for one reason or another, and openings for new starts (new enterprises) are a constant feature of capitalism, and may be expected to occur far more frequently (especially in the old capitalist lands), and in larger companies, as the problems of late capitalism increase

(e.g., the rising costs of depleted energy and raw materials, and of pollution-reduction; and the greater profitability of production in third-world areas. In many such cases, employee purchase of the plants or companies is a viable alternative. Employee ownership, normally with hired professional business and marketing management, can be viable even for industries and companies that have become unattractive to capital, for several reasons: creditors may ~~be~~<sup>favor</sup> purchase by employees rather than bankruptcy; banks may consider loans to employee purchase more secure than to corporate raiders and junk bonds; employee-own~~er~~<sup>s</sup> can better weather depressions, etc., because they can accept whatever livelihood they get at such times, whereas~~d~~ capitalist owners would have to close or simply lose money; employee owners may have more incentive to keep plants up-to-date and to innovate since their fate is tied uniquely to the products and customers of their company; employee owners may <sup>learn how to oversee their management</sup> more adequately than is done in stock-owned companies (where the interests of the company and of its management do not always coincide).

The fact that if there is any trend toward employee ownership it is more likely to develop in less profitable industries and companies does not mean that it is relegated to unimportant corners of production, for <sup>f</sup>if anything it is more likely that the humdrum essentials of life will be the less profitable.

Employee ownership is very rare at present, but it merits discussion because future difficulties for profit-making may open new possibilities for non-profit production.

We thus arrive at a possible basis for non-capitalist production growing inside capitalist society, the more easily because (at least in its early stages) it is not in confrontation with the pure capitalist production but rather a special-case complement to it. Although employee-owned companies fit into the capitalist economy in that they buy and sell in the market, and have to make a profit, they do not share the capitalist fate in several respects: they do not have to maximize profit; they do not have to accumulate wealth beyond the needs of reinvestment; they have no conflict of interest between owners and workers (unless they begin employing non-owning workers); their business decisions remain close to their production considerations; and they are less susceptible to the vagaries of the stock-market, depressions, and other features of capitalist conditions.

It appears therefore that as capitalism develops, it leaves increasing decision-making behind it in the hands of government and some public bodies, and it may come to leave various segments of production decisions below it in the hands of employee owners and cooperatives. These two differ from pure capitalism in an important respect: they do not have to

expand more or less continuously (and ~~to~~ to maximize profit, but can make production decisions in a more or less stable economy directly on the basis of production possibilities and consumption needs. If capitalism comes to a time when its need to expand is unsatisfiable, in part because of the finiteness of the earth, these two together or separately can become its partner or successor. Socially, they are very different. Government as successor may well be oligarchic with stable frozen social strata (with the remaining capitalists very possibly merging into the governmental stratum), though it is not excluded that it might be democratic in some degree. In contrast, the employee-owning and cooperative arrangements would quite likely yield a democratic social and political system effectively controlled from below.

The growth of employee ownership within capitalism is certainly not in itself enough to create a democratic successor to capitalism (or even a democratic senior partner in a mixed economy with capitalism). But though it is not sufficient, it is necessary. For one can hardly imagine a democratic successor to capitalism unless a recognizable portion of social production has moved into employee-owned and cooperative decision-making before any large post-capitalist political changes are reached. The failure of the Russians today to establish any more egalitarian economy than an ordinary capitalist one, and the repeated failure of peasant revolts

to produce any important changes in their contemporary economic and political systems, are examples of how hard, or indeed impossible, it is for social upheavals to establish economic systems other than such as are available to the population at the time. We can judge that a cooperative successor to capitalism is a possibility only if such arrangements are sufficiently available within the capitalist society of the time to make them extendible then to a degree that makes them the main form of decision-making on production.

There remains the question of whether capitalist society will ever reach the point of major political changes, at which the availability of alternative decision-making forms becomes relevant. But such a situation is bound to be reached, though not necessarily at a single moment of crisis or upheaval: because capitalist decision-making will continue to undergo dynamical changes, and is increasingly removed from production; because the expansional needs of capitalism ultimately conflict with the limits of the earth and with its growing population; because the wastefulness of capitalist technology, unavoidable in profit maximization, pollutes man's environment and disturbs his ecology; and because the reduction of capitalist decision-making in production will reduce its available wealth and its influence in society.

We cannot know which factors will become crucial to social change, and when. But we can judge from the past that any large systemic change will be in the direction of a more humane society only if ongoing successful cooperative arrangements exist in appreciable quantity at various points within the then-existing society. The political implication here is, first, that despite the view that any successor to capitalism would be "socialist", it seems more likely that it would be oligarchic; and, second, that purely political efforts to go beyond capitalism (whether parliamentary or revolutionary) may be secondary to more long-term economic and sociological efforts.

A note on history: our knowledge of social forces and the sweep of history have deflected attention from the detailed conditions and motive forces of the component groups that act -- intervene -- in social change, the more so that in many cases these actors fail to get (in the ensuing history) what they were acting for. (E.g., in Rudé's *The Crowd in the French Revolution*, OUP 1959.) An example is what succeeded and what failed in the East European uprisings of 1989.

A more detailed analysis of the interplay between history and the specific actors in it suggests why the actors in social history fail to get what they intended, and in what circumstances they might be expected to come closer to satisfaction.

In effect, the argument in this book is that uprisings can only transfer the main institutional arrangements of society, from the existing ones to ones whose current availability is of reasonable magnitude for the population: e.g., to no change in the medieval peasant revolts; to capitalism in the uprisings of ~~the~~ 18th century England and France; to statist communism in the Russia and China of the first half of the twentieth century; and to "market capitalism" in 1989.

In the past, this has always amounted to transferring power to a new élite, conductors of new and in some respects more productive economic and social arrangements, whose ideas helped predispose the social actors (whose own motives are in the first place geared to their immediate interests) toward historically important action. However, it is the concept and availability of such new arrangements, rather than a new élite, which is the essential contribution, as may come to be seen in the foreseeable future.

## 2. Methods in Describing Society

Since the purpose of this book is to consider the possible direction of change in the society of today, it has to deal with the specific situations and actions that constitute both its stability and its change, hence with the micro-sociology of politics. Accordingly, the discussion here will avoid abstract concepts, in favor of specifiable types or aggregates of individual institutions and actions.

### 2.1. Occupational groupings.

Descriptions and histories of societies suggest that the directly relevant entities for a consideration of social structure ~~are~~<sup>are</sup> not individuals and interpersonal relations, but certain kinds of (fixed or shifting) groups of individuals. The physiological and psychological structure of the individual, and interpersonal needs, constitute universes of their own. In contrast, the interdependences within large populations in respect to production, consumption and social life have led to divisions of labor with attendant technology, complex communication and art, communal knowledge and science, and more or less fixed social relations. In these understandings and activities, the participation of the individual is not arbitrary or entirely free, but is with or like others of his subsets in the population (for as long as he is a member of those subsets).

In the large and productively complex societies (not counting societies in which extended families and moieties constituted crucial social entities) the relevant groupings have been largely "occupational" in a broad sense, i.e., by type of work in respect to production and to decision-making <sup>or</sup> production and consumption (including in the latter the economic and social "perks" that come with status and prestige). There is in most societies and times a rough correlation between status in respect to production and status in respect to consumption.

Important conditions of life are similar in particular occupational groupings: income level<sup>l</sup>, "perks", social status, freedom of choice<sup>ç</sup>, opportunity for an individual to ~~rise~~ rise within the occupation (e.g., within truck-driving as contrasted to within acting or medicine), education, fate under major economic-social crises and catastrophies (e.g., even famine). In respect to many of these properties, there is in many societies a rough grouping of these occupations into a few socio-economic levels or "classes" traditionally so called, largely by status in respect to decisions over large productional activities.

Among the advantages of analyzing in terms of occupation rather than of "class" in general is the ability to recognize that many individuals change their views and social character after changing<sup>g</sup> their relation to production and its decision-

making. Thus a worker who has become a top union official (or even perhaps a "professional revolutionary") becomes occupationally a manager (or soldier) rather than a worker. (More generally, the utility of the concept of occupational groups is not compromised by unclear borderline cases.)

## 2.2 Political-economic systems.

Each of the major political-economic systems that is considered (primarily the capitalism of West Europe and North America and the communism of Russia and China) is considered here not as a monolithic system, or as a single unchanging source of economic societal power, but as a bundle of particular arrangements dealing with particular functions in society. The various arrangements are in general intertwined and mutually supporting, but they can change separately under different problems and forces (which is relevant to the development and future of these systems).

Major function-filling arrangement considered for this purpose are:

- What is the division into occupational sectors (how many people in what work and living conditions; who gains and who is disadvantaged);
- On what criteria decisions are made on production (when and what) and consumption (how much to whom);
- What is the basis of social power, and how individuals enter into that status or leave it;

-- How government and political power is structured to aid in the production decisions, or to protect them by blocking the disadvantaged or by alleviating detrimental effects upon the population;

-- How the social institutions and public opinion are affected or controlled by the government and the socio-economic decision-makers.

In terms of these various function-filling arrangements, and their changes, one can then analyze the strengths and weaknesses (in respect to the physical and political environment, to people's acceptance, and to people's wants) of each system, and its possible future course. Important as they may be in themselves, ethical evaluations (the good and the evil attributable to the system) are not relevant to the future course except insofar as they affect the actions of the victims of the system, or the like.

### 3. Capitalist Decisions on Production

This chapter presents a particular way of describing capitalism, one that will prove relevant to the discussion of changes that may arise from its own properties or from the pressure of the population (in ch. 5).

#### 3.1. The Characterizing Features.

For the present purpose, capitalism (whether commercial, industrial or financial) can be described as a social system of making decisions ultimately related to the availability of goods: by commerce, production, control over property and over money. The criterion for making a decision is the expectation of profit (as against the risk of failing). This criterion is thus indirect: it is not based on the productional use and consumptional needs for the activities that are decided by it; and important consequences will be seen to follow from this indirectness.

A crucial additional characteristic is the fact that the domain of activities decided on is not closed, as it is in the limited and allocated control of land (and in some cases, serfs) in feudalism. If one has the requisite materials or money to make goods available, one can seek further areas of commerce, production and consumption from which to make a profit. Thus there are in principle unlimited possibilities for making further profit (reinvestment) out of one's profits.

To the openness of capitalism is related the fact that entry into capitalist decision-making is not a priori restricted to an otherwise determined set of individuals (differently from birth restrictions in aristocracy, etc.). Hence competition among would be decision-makers for the same production-consumption (risk-taking) niche (market-share, etc.) is in principle open.

The combination of profit criterion, competition, and unrestricted domain (and the money-oriented character of the resultant economy) leads to profit-maximization as an aggregate feature of capitalist decision-making (over the whole society) and as an ideal criterion for each decision-maker. That is to say, who (in the aggregate) wins out in competition, and where investments are more widely made, depends on who had maximal profit and wherein. The total amount of profit is clearly greater if the capitalist makes decisions not only on his own work but on the work of many other people (his employees, workers); and aside from a few people in a few occupations (entertainers, lawyers, doctors, inventors, etc.) no large wealth (capital) can be accumulated in manufacture except through large numbers of employees.

The making of profit is a zero-sum situation. It necessarily has losers: the employees (whose wages are a cost against profit), the customers (especially given "caveat emptor"); later, small shareholders vis-à-vis big capitalists

and managers; in a different way, the competitors. The ill that is wrought to the losers directly, or via the waste of earth and <sup>the</sup> degradation of comity and culture, are not considered here except insofar as they lead to change in capitalism -- directly or via the opposition of the losers. So also for companies' routine disclaimers of any damage they cause, and strenuous efforts to avoid paying for it.

### 3.2. Dynamics of the System.

Profit maintenance and profit maximization lead to the well-known need of capitalism to expand its domain: (a) intracapitalistically as by bankruptcies, crises, mergers, etc., leading to concentration ("Big Capital"); (b) into further areas of people's lives (clothing, entertainment, much social activity); (c) geographic expansion for resources and cheap labor (e.g., in colonies), and for extension of capitalism to new populations.

It has been suggested that the fact that capitalist success is ex post facto (i.e., that there is risk of failure) leads capitalists to over-try, i.e., to seek profits more actively than they might if they were assured of some return on their investments.

The need for profit-maximization created a need for more products to make profit on, and higher productivity. This created a demand by capitalists for more technology and

innovation, and also for wasteful technology since virtually all avoidance of waste is at a cost. It also favored consumerism (Veblen's conspicuous consumption) and obsolescence, and production that could be wasted, beyond the needs of consumption, as in extra peace-time weaponry.

The accumulation of wealth and power, as in Big Capital, has positive feedback, supporting yet further accumulation. This facilitated, for example, control over the social, political and cultural institutions of society, and manipulation of the economy (as in exaggerated advertising, or in use of market research).

The indirectness of profit-calculation as a decider on production allowed the search for profit to be turned in part onto the activities of capitalism itself, with profits being made from various steps in the decision-making process and from dealing with the money involved in these steps. This included the rise of the stock-market and corporation structure, where the de facto capitalists are the top management (rather than the owners of shares), both in incomes (including perks, etc.) and in decision power, with a frozen bureaucracy in which the rise of individuals differs from the rise of entrepreneurs formerly. The distance between decision-making and production is greatly increased (e.g., with decreasing family enterprises that have some commitment to product) so that the bottom line remains as the sole consideration in decisions.

The result of capitalist dynamics and of contemporaneous developments is a considerable change in the process and milieu of capitalist decision-making, which is readily recognized if one looks at capitalism in, say, 50-year intervals. Distinctions have been made between early capitalism with expropriation, rapid industrialization, major pauperization of the population; and a middle period with internal and external expansion of production and market, and later improvement in the consumption-level and personal freedom of the workers; and a late period with increasing complexity of capitalist activities and increased power of finance capitalism, and with major innovation coming not in technology but in managerial and financial<sup>al</sup> manipulation.

### 3.3. Stabilities.

The great success of capitalism has been its promotion of technology (and basic science) and its prodigal use of the earth's resources (both driven by the search for profit-maximization), which by the 20-th century gave the bulk of the population (after much misery and struggle) a far higher standard of living than before (though not so much a better "quality of life").

It also brought in (for various reasons) ideas of individual civil rights, and actual improvements in personal freedom and opportunity (for considerable, but not all,

parts of the population). (Personal freedoms that are recognized in a society are a stabilizing factor for it; ones that are desired but not allowed in a society are an instability for it.)

The complexity of technology, the multi-layered capitalist bureaucracy, and the uneven distribution of wealth, created a large network of occupations with differences in respect to difficulty of work and to leisure, status, and income, which led later to various intermediate and bridging groups between the sharp extremes of class in feudalism and in early capitalism.

The separation of powers between the economic and institutional hegemony of capitalists and the political leadership of government which cooperates with it gives both of these greater freedom of action, and it strengthens the power of them against the anger and opposition of the losers, which tends to be aimed at one or the other according to circumstances (leaving the other unscathed or in position to mediate).

#### 3.4. Instabilities.

The nature, history, and dynamics of capitalist decision-making leads intrinsically to important difficulties for the system, the more so as it contains no negative feedback to control the concentration of decision-making and of wealth.

The inherent problem is the long-range results of its dynamical strength: Profit maximization and competition drives for expansion, mergers, and constant activity, which may go beyond the need to maintain a ruling class in positions of power and wealth.

The most obvious instability is that profit-taking involved a constant adversary position of employer to employee, and hence frequent opposition and struggle on the part of the workers. In reigning social and cultural institutions inculcate, to a large extent, acceptance of the status quo, but many and sometimes crucial difficulties remained for the large employers.

The cost of capitalism is great, as were the costs of previous large class societies, in the growing portion of wealth concentrated in the hands of a few. Although this gives the ruling groups considerable power, the great difference in distribution of wealth does not promise stability.

Another problem is that the concentration of business control, and conflicts of business interests, <sup>aroused</sup> <sub>^</sub> opposition of certain sectors of business (in particular small business) against others (in particular big business), leading to continuing struggles within the capitalist world.

The in-principle free entry and multiplicity of capitalist enterprises give a certain chaotic character to response in the capitalist system, which on the one hand <sup>^</sup> provide <sub>^</sub> greater adaptability and quickness of response to changing situations. But, on the other, while capitalism as a whole and its various sectors have characteristic self-interest responses to ongoing or changing conditions, they have no orderly process of co-ordinating, organizing and timing their reactions to

economic problems, working-class opposition, etc., or of adjudicating among different sectors of business: there is no fixed hierarchy or specifically business parliament, and such industry bodies that exist are sectional and advisory. Capitalism and its business divisions do not even develop directly the amassings and organizings of information that could be of use in considering economy-wide and society-wide arrangements, nor do they have any machinery to make and carry out or enforce such wide decisions. Thus the same chancy structure which enabled the profit-criterion to get established within scattered spots of the feudal economy, stand in the way of its addressing systemic problems.

Also, the same indirectness in respect to the productional and consumptional context which characterizes the profit criterion as a way of making production decisions makes it intractable in respect to some society-wide problems of production and consumption.

### 3.5. Bypass via Government.

At various points when faced with difficulties such as are noted here, the occupational groups with productional and other economic decision-making power have had recourse to decision-making by government (pure laissez-faire being an abstraction). This is not simply a matter of government and the business community (or Big Capital) being loosely "the same" or "on the

same side of the fence". In the early period of capitalism, as also later, governments often abetted the establishment, operations, and expansion of capitalist decision-making and profits by expropriation, by pauperization of the worker-pool, by "pacification" of colonies in which companies could operate, by financing or guaranteeing industrial infrastructure (e.g., railroads), by suppression of worker opposition (machine-bashing, demonstrations, strikes, forming of unions), by specific laws and regulations protecting and aiding not only profit-taking but also profit maximizing, and by a general legal stance in which sacrosanct "property" meant indistinguishably ownership of resources and work-places for employing others as well as ownership of objects for one's own use.

In contrast, there have been especially in the later periods of capitalism many instances of government carrying out its own decision-making on production and consumption and related economic matters, added to or replacing capitalist decision-making, or limiting it. Some of these involve special cases where the enterprise-multiplicity of capitalism requires government intervention (for example, the grid-lock of freight trains in the eastern U.S. during World War I which was resolved by the government taking temporary control of rail transportation). More important are large-scale needs of production, or of pressure from the workers and poor, which

cannot be met by the companies concerned either because they involve profit reduction (e.g., pollution decrease; governmental regulations on various industries; or in the case of a particular industry, rent control), or because they require economy-wide arrangements (e.g., minimum wage). There are also questions of weighing against each other the interests of various sectors of business: anti-trust laws; laws against price fixing and insider trading; the detailed differences in tax policy; permitting the leading asbestos company to declare bankruptcy in order to avoid paying medical liabilities; the "Industrial Policy" set up in Japanese government-business planning. Furthermore, there are some resource and production decisions so broad that government (or quasi-government) operation is natural (especially outside the U.S.): water, PTT, roads, railroads, airlines, TV, nationalization of weak but needed industries (mines). Finally, there are society-wide population pressures that only government can meet: universal suffrage, legalization of unions and strikes, progressive taxation, the welfare state, public health services.

The reason government can do such things while business cannot is that while business is bound by its "bottom-line" profit criterion, government is free of that limitation (indeed it cannot use that criterion in any relevant way) and makes its decisions on the basis of the inescapable needs of people and the physical possibilities for meeting the<sup>m</sup><sub>^</sub>, or the like.

Thus government affords a bypass for capitalism, whereby the intractable problems of the profit criterion are resolved by methods  $n_{\lambda}^t$  based on profit calculation; thereafter capitalism can continue on its way. What makes such a bypass available to capitalism is the indirectness of profit calculation in respect to the physical and populational realities of production and consumption, so that when business is unable to act appropriately there is always an alternative available, namely the direct considering of needs and possibilities. (Indeed, one of the reasons for the 1990 Russian government's inability to overcome the failure of communism's "command economy" is that the arsenal of decision methods available to the 1990 government is not essentially different from that used by the command bureaucracy.)

What is crucial here is that no matter how pro-capitalist the government is, and no matter how its resolutions of problems are intended to aid capitalism or return it to profitability, the decisions which it makes are made not on profit-criteria. If capitalist decisions are in the last analysis based on profit calculations, then the government's deciding of various areas in social-economic life means that those areas are not, or are no longer, in the direct domain of capitalist decision-making. Thus, while capitalism is expanding into more of people's lives and into more populations of the world, it is relinquishing decision-making on various

areas of production, consumption, and socio-economic life in the capitalist populations; and indeed more so in the democratic welfare states of old capitalism than in the "naked capitalism" of its recent expansion. The picture that results is therefore less one of a rising tide covering the world than of an advancing wave-front which leaves increasing areas of non-capitalist decision-making behind it.

#### 4. Methods for Analyzing Social Change

Before asking about the possibilities for social change in the system described above, we note a few methodological conditions.

4.1. Continuity: It is clear, from surveys of many known changes in many societies that there is considerable continuity in the forms of social life. Sharp changes, due to sudden physical or political events, usually affect only some aspects of life; and the bulk of changes are gradual.

4.2. Internal change: Certain change-potentials are inherent in certain social structures (e.g., the possibility for moneyed Romans to buy the land of free peasants, creating the rural latifundia and the urban proletariat). Such are, in the case of capitalism: the profit criterion (which leads to capitalist expansion); the indirectness of profit-calculation in respect to the production thereby decided, which can lead to increased distance between the two, and also to the wastefulness of technology in the face of a finite world; the increasing detriment to employees and customers due to profit-maximization, which can only be overcome by technologic advance or by extra-capitalist (e.g., governmental) intervention. These potentials contribute to the historical direction of change in the society.

4.3. Social forces: One can distinguish in a society what may be called its overriding social forces, which affect its stability and changeability: the ruling occupational groups, if any, with their basis of power (military, critical position in respect to production or other life-needs, organization, outlook of the population); the disadvantaged of the system, with the conditions under which they can rise in opposition; the availability of alternative social forms. Intra-social struggles can weaken or temporarily disarm the social forces, but cannot eliminate them.

4.4. Opposition: Change of social-economic systems may arise from the system itself (4.2), or from external pressures, (military, economic, or of the physical environment), or from the opposition of the victims of the system. In the latter case, what can be best counted as elementary entities in the course of social change is not individual opponents but their acts (the individuals may later change, or die, while the effects of their actions may remain). Acts which can contribute to social change are not those of each individual alone (no matter how large the act may be for the individual) but types of actions which are being done at about the same time by many individuals or groups reacting in parallel to a common situation, or acts carried out jointly by groups or crowds (which may be different from what the participating

individuals would or could do alone). Consistency of individuals in their social actions is generally due to continuity of their occupational position. Often, such group actions are directed toward single issues, or overriding socio-economic difficulties, that are common to many people at the same time. The groups whose actions affect the economic (productional-consumptional) system and the related political system are in general the broadly defined occupational groups of 2.1.

4.5. Individuals: Although the decision to act and the carrying out of action are done by individuals, individuals are small, both in number and in direction, in respect to society and social change. This limits the importance of the individual in respect to actions for change, though not in respect to ideas and outlooks about social change. It also limits the importance of leaders. (Thinkers and leaders are different occupations. Hence, while commentators and analysts look for patterns and implications in political actions, and often ascribe these to the leaders, the leaders in fact are acting in the immediate interests either of themselves personally or of the ruling groups in the society.)

Inter alia, it suggests that in political action, the end cannot justify the means: A revolutionary leader may have high ideals and may then feel it necessary to create controls

to push people toward the desired changes; however he dies before his ends are achieved, and what remains after him is the apparatus of control which he created. Rather than the Stalinist justification that "there is no white road to socialism", this suggests that there is no black road to socialism.

4.6. What induces action? For what leads to action toward social change, one cannot assume that there is, or that we know, a set of "real" interests of the people or specifically of "the workers", etc. (e.g., to end poverty, to attain a better life, and perhaps freedom or ability to choose). For these are also subjective interests: what the various people just think is good (given their upbringing), e.g., religion, or respect for authority -- although these latter interests may lose their force as people go through "consciousness raising" in the course of meeting stressful social situations. (Note that while such interests as religion and nationalism are subjectively "real" to the population, they are maintained by constant input of money and of control; how they would fare without this is not clear.) In any case, people's understandings, and existing social ideas and ideals (or new ones growing out of people's experience or out of new would-be élites), count here only as predispositions to action; they are not generally direct determinants of action. In many situations

immediate issues called forth or triggered by the situation itself or by how it unfolds outweigh all others in determining action. (cf. the work of Eric Hobsbawm, and of George Rudé.) For confusions of interests in an uprising, cf. the relative inaction of Russian workers in 1990, in contrast to the sharp focus of the middle-class-type ~~occupations~~<sup>occupations</sup> who were more definitely active.

A <sup>a</sup>major factor in opponents' readiness to act is their knowledge of available alternatives, whether in standards of living, in individual choice and freedom, in world-outlook, etc. Without such known alternatives, opposition either remains utopian and inactive, or bursts into ineffective action (as with the Luddites) or into action that succeeds only in destruction but does not lead to any new situation (as with various peasant revolts). In some situations an alternative may be available only via a new élite operating a new socio-economic system to their advantage.

4.7. The course of change: In different situations, change may follow different courses: a revolution (sudden or not), successive piecemeal upheavals, or long-drawn out small though telling changes.

There may be several, partly parallel, courses of change in a society (largely, in the different political-economic functions that constitute the existing system, as in 1.2.5), and different changes may be of different magnitudes. There may

even be substantive changes in the economic and political situations of a country without complete replacement of its ruling groups and individuals; members of the old ruling groups may manage to locate themselves in the new system.

4.8. The direction of change: Several factors make for a more or less consistent direction of change in a society, over long periods. One is the change-potential, if any, inherent in the system itself. Another is the direction of opposition, determined by what groups are the long-term victims, and in what respects. Yet another factor is the nature of alternative more ~~desirable~~ desirable socio-economic arrangements, with possibly their own distinct élites (i.e., ruling occupations), for which room to take root and grow can be found within the existing system. Important social changes have been directed by the potentialities of new élites, although they were brought about by the victims of the old society acting subjectively in their own oppositional direction with at most some additional ideals stemming from the new élites.

## 5. Potentially Post-Capitalist Developments

### 5.1. Ongoing Changes.

#### 5.1.1. Internal to capitalism

Changes stemming from capitalist trends may run into difficulties. One such type of change is the expansion into more areas of life, where <sup>new</sup> opportunities <sup>are</sup> ~~decrease~~ <sup>ing</sup>: such are the Thatcherite privatization of water and imposition of market conditions on university courses; attempts to impose corporation-type management and controls on scientific research work; attempts of the accountants' organization to force museums to put a price on each of their objects; profit-making hospital chains; proposals for <sup>a</sup>privitized (profit-making) prisons and schools; many businesses' invasion of privacy, such as telephone companies selling their directory information to marketing companies. Another growing difficulty lies in the fact that some of the major recent governmental aids to capitalism are not readily repeatable: Reagan's weaponry budget, etc., which cost a near tripling of the national debt; Thatcher's economic success, at a cost of over-harvesting of the North Sea oil fields; the American bail-out of the Savings and Loan corruption; also, recourse to major war (often a crisis-solution) is more or less excluded now by the dangers of atomic weapons.

Greater problems are rising from changes in intra-capitalist methods of deciding ownership and control, all based on the indirectness of profit calculation in respect to the production and distribution thereby decided, and mostly tending to increase this indirectness. These changes are of many kinds: prices and assets are kited by unreal sales and repurchases; huge enterprises are established by means of highly speculative bank loans; "empires" are built by holding companies and by pyramiding; major companies are captured, merged, broken up, diversified by outsiders (e.g., corporate raiders) with the aid of such unreal funds as junk bonds; managers gain ownership of their company by unreal "leveraged buy-outs". These are changes in the profit process itself, and many are at best dubiously legal within present laws of business, but the business community avoids confronting them with any powers of its own (which it may not be able to marshall) or with governmental action. The increased distance (indirectness) between financial decisions and the production which they decide carries potentialities of weakening the industrial success of these decisions. They may lead to more failures of productional enterprises (witness the growth in banks' "bad loans"); they make late capitalist production, distribution, and services less "user friendly" and less adequate; they weaken the feedback from productional and consumptional realities; they reduce productional innovation

in favor of market-manipulation innovations (advertising, market research, etc.) and of finance-manipulation innovations. More generally, the greater profitability of financial and market manipulation tends to reduce American (and less so West European) investment in manufacture.

Finally, there are problems arising from the geographic expansion of capitalism. For one thing, there is "colonial" expansion of the old capitalisms' decision-making over new populations. First, businessmen used cheap labor immigrating from third-world lands. Then, since third-world workers are cheaper yet at home, and more controlled there by their institutions and governments, and industrial pollution can be more easily disregarded or covered up there, it has been more profitable for old-capital corporations to expand or move to the Pacific Rim or Latin America. For another thing, in the spread of capitalism as a system, the old capitalisms have recently promoted the introduction of capitalist decision-making to new lands, under their own new businessmen (where, if anything, old-world businessmen lost profits due to the new competition). Thus Japan was no "miracle"; its new capitalism was planned and fostered by the American occupiers, and its profits were made by sales in America and Western Europe of commodities specifically designed for such sale, with trade largely protected especially by America (despite dumping and other unfairness of competition) and with Japanese product-

improvement not met by serious counter-action in the old capitalisms. One gathers that this expansion of the capitalist method itself is in some abstract way a tendency (one cannot say a "goal") of capitalism: it hurts the existing old capitalisms, but it promises in the long term a larger scope for capitalist decision-making and opportunities.

#### 5.1.2. Political spill-over

Both <sup>types</sup> ~~types~~ of geographic expansion (the colonial and the system-spread) carry possible political destabilizations. The first ("economic colonialism") <sup>type</sup> ~~type~~ involves old-world support for third-world dictatorships (which keep their workers in check), but this is not stable: thus, if 19th-century style worker unrest develops in 21st century Asia, the reverberations may be large. For the old capitalist lands, a middle-size war (e.g., Korea, Vietnam, or in the Near East) is not trivial militarily or economically; and indeed they have tried to control the third world by piecemeal economic and political pressure, reserving military action for the trivial cases (Falklands, Grenada, Panama) -- but piecemeal methods may not always suffice.

In the second <sup>type</sup> ~~type~~, of new indigenous capitalisms such as Japan, the new players, untrammelled by tradition, do not quite follow the old rules, and may present serious difficulties to the old capitalisms. Furthermore, there will certainly be <sup>in those new lands</sup> a long-term trend toward "democracy" ~~in the old lands~~, whose

form and strength may be destabilizing for the admittedly sick old men of capitalist democracy and electioneering.

A special form of geographic spread of businesses is the multinational corporation. The great bulk of these are still centered in a particular country (though the matter may become more complex in the new European Community), but they take advantage of tax and other <sup>conditions</sup> ~~laws~~ in various countries; and some have gone as far as to say that "global strategy supersedes preferential treatment" for the workers of their home country or indeed for that country ~~in~~ in general ("There is no mindset that puts this country first"). Should some multinational need legal, political, or military protection from their (original) home country, such attitudes may make it difficult to galvanize public support for governmental aid.

### 5.1.3. The physical environment

Perhaps the major blow to capitalist decision-making is coming from a direction which no one expected fifty years ago: the environment.

In the first place, capitalism's use of its technology is damaging human ecology in a way that is becoming increasingly obvious and unignorable: pollution, global warming, soil-depletion (with other damages that may make agri-business and its chemical base no longer feasible), health dangers from food-additives, etc.

Secondly, the world's population growth, accelerated by medical advances while the populations (especially third-world) are kept retarded economically and socially, has reach<sup>ed</sup> the point of taxing available production.

Third, the unreasoned, unplanned, unreviewed and essentially wasteful technology of capitalism is threatening to deplete the usable material and energy resources of the planet (petroleum, rainforests, plant and animal species, etc.).

Business cannot structurally consider these matters. Its decisions are essentially short-range (to reach a profit in least time), and its bottom-line criteria cannot deal with them (indeed most restrictions on wastefulness or use of alternative energy, etc., involve a cost against profits). Its day-to-day decisions disregard or circumvent most environmental considerations. Even governments (in capitalism) delay consideration as long as possible.

What makes these considerations the crucial threats to capitalism is first that the magnitude of capitalism's use in beginning to confront the finite magnitude of the planet, and second that manipulation, artifice (and military power) which can save rulers from their ruled population are of no avail here.

#### 5.1.4. Decline of productional knowledge

Business control of the institutions of culture, directly or through government, has decreased the support for new knowledge, both basic and applied, as the importance of manufacture (within capitalism) decreased, and as manipulation of the market replaced innovation of products. Also the increasing centrality of Big Business and its attendant Big Government, favors central administration of science, which is anathema to scientific advance.

#### 5.1.5. Opposition from below

In the old capitalisms there seems now to be an endemic underclass of third-world immigrants and local permanent unemployed, together with a growing "unused capacity" of workers which is a residue either of technological advance or else of reduced manufacture (due either to third-world plants of old capitalist companies, or to Western purchases from the new third-world capitalisms); this has been described as the new "two-thirds" society in which one third is left permanently out, <sup>The tendency is toward</sup> ~~and is to be~~ leaving in the western (or northern) world primarily the business occupations and their service occupations.

Various parts of these unemployed populations may at different times and in different ways make trouble either for the population that lives passably well in modern capitalism or for the capitalists and governments themselves. (Note in part

the English football hooligans of the Thatcher years, the U.S. homeless of the Reagan years.)

With these changes comes an increased polarization of society. Extremists who were previously beyond the conservative mainstream (cf. U.S. eastern capital's opposition to Reagan, Heath's <sup>insistent</sup> opposition to Thatcher) are now mainstream (cf. the "teflon" treatment of Reagan, and The Economist's support of Thatcher). At the other end there is not only the fact of the outcasts of capitalism but also much evidence of disillusionment and alienation of the population from the institutions and the voting process.

## 5.2. Responses of Capitalist Decision-Making

### 5.2.1. Relinquish behind

Because of the unrestricted entry into capitalist activity and departure from it (by business failure), and the essentiality of competition and risk-calculation, capitalism as it exists can neither police itself nor organize itself; the various industry bodies are sectional and primarily advisory, and do not control the decision-making of individual enterprises. However, as has been seen, capitalism can leave certain of its unresolved problems to the government "behind" it. Increasingly, government makes decisions that determine the way profit is made, and in many cases how much. It determines the flow of money into the economy, the tax levels and special windfall taxes. It also determines many specific business decisions: laws as to whether

companies can reduce their co-pension payments to their workers; court judgments as to whether an asbestos company can declare bankruptcy in order to avoid asbestos-injury payments which have already been court-imposed upon it. Government takes over -- at public expense -- business and production jobs which are too large or costly for companies: the de facto corruption-based bankruptcy of the whole savings and loan "industry" in American at a cost of ~~1.5~~<sup>over half</sup> a trillion dollars; the almost unsolvable chemical and especially nuclear waste ~~and~~ cleanup and disposal. When the pollution and depletion problems have finally to be faced, it will be government that will have to take over virtually all decisions. It is finally government, too, that decides how much of a "human face" capitalism will have (i.e., that meets the needs and pressures of the non-business population): both the Reagan and the Thatcher governments tried virtually to eliminate the welfare state, but neither was able to do more than roll it back somewhat. When national governments do not act adequately, local governments have found that they can and must act. Although at present government never goes far beyond what capitalism can treat as a bypass, there is nothing to prevent government from becoming an equal or senior partner to business, if business difficulties lead to the major decisions being made by government.

5.2.2. Relinquish below

Somewhat as the profit-basis and the enterprise-multiplicity of capitalism make it difficult to meet inescapable needs of production or of the population, which were then left to be met by the not profit-based and more centralized government "behind", so in a different way these properties of capitalism may make production locally unprofitable or inconvenient so that it can be better left (especially if it is humanly indispensable) to not profit-based and less administration-burdened employee control from below. This may be expected not only because of the greater profitability in third-world manufacture (even by old-capital companies) and in financial activity instead of manufacture, but also because of great rises in environmental costs, and the frequent shifts in profitability of industries and companies. For example, it may well be that many big companies will back out of increasingly low-profit agribusiness, leaving much of the industry in the hands of smaller, family or cooperative, farms which will be much more attentive to their own land. Such backing out may happen even if the company is still viable, with customers, etc., but simply is not profitable enough. Bankruptcies, plant-closings, and asset or company sales may provide major opportunities to employees who will otherwise be laid off, or

to unemployed workers threatened (by the decrease of manufacture) with ~~dis~~<sup>e c</sup>sent into the underclass.

This opening for employees is likely because given the "chaotic" feature of capitalism, the shifts will for the most part be gradual (especially ~~the~~<sup>shifts</sup> due to environmental changes), striking at the relative profitability of some industries and companies before others. Also because the same chaotic feature permits anyone to start or buy a company if he can put together the capital. It is to be expected that in some situations the creditors (including the leading banks) and the customers may rather see the employee<sup>s</sup> buy the company than have it close, although in many cases banks and others involved may oppose employee purchase for political reasons.

There are important reasons why employees can make a living out of a plant or service that is making little or no profit. They don't need to earn a profit or to pay the overblown executive salaries or perks, over and above the employee wages and salaries. In a depressed period they can operate at a loss, i.e., at less than their ordinary take-home pay, whereas a business owner would have to close or else lose his money. They can be expected to have far more responsibility in the work place, attention to the plant and to the product,

incentive to maintain quality and to innovate, and in general to produce user-oriented goods, than is the case in ordinary businesses<sup>today</sup> }-- all the features which are used to explain (in part) Japanese success. Employee-owned enterprises may thus prove viable even within capitalism, and may become more efficient. They would presumably<sup>y</sup> have smaller production units (in the face of recent suspicions that the massive factories have been more a reflection of massive management than of efficiency). They would presumably also be less wasteful, and tend to somewhat different and wiser technologies and energy sources.

All this is on the premise that they can develop ways to retain their employee character: They would in most cases have to hire business managers, but not at exorbitant salaries (which cannot be really required for the skills involved), and under constant interaction with<sup>the</sup> employee-owners' representatives (who of course must be rotated, and answerable to the membership). They would have to avoid taking on non-share-owning employees, because that would soon <sup>reduce</sup> ~~eliminate~~ any advantage they have over capitalist companies.

Ideas and attempts of this type have arisen at many times and places since the late 1800's (and earlier). The fact that most of them have not long survived does not militate against their survival possibility now, because we are now speaking not of an idea for its own sake but of a possible response of

tomorrow's businesses to unprofitability and to a decline of manufacture in the old capitalist lands.

### 5.3. The Successor to Capitalism

The litany of capitalism's changes and problems should not be taken to suggest that a crisis of capitalism is around the corner<sup>n</sup>. Capitalism is still highly productive, and can afford to throw with equanimity a trillion dollars to the savings and loan businessmen in America. Also, it holds the loyalty of a large part of the population of the old capitalist lands, and the admiration of many people in communist and third-world countries. Nevertheless, many serious difficulties are developing, the most inexorable being pollution and depletion of the environment which supports human life. It has been seen that the ultimate response of capitalism is to relinquish its decision-making to forces behind it and perhaps also below it. These two relinquishings have opposite political effects. That to the government, behind, is clearly attested; and if it becomes large enough to take primacy over capitalist decision-making would usher in a stable non-expanding economy, in all likelihood ruled oligarchically, possibly with the capitalists remaining as a rich rentier class. The relinquishing to the employees below, if it takes place and continues to an influential extent would create the infra-structure of a stable cooperative economy whose political expression would presumably be truly democratic and reasonably humane.

Neither of the relinquishings, certainly not that below, would of itself change the political form of society. But it would provide the existing alternative on the basis of which the profit-making decision activities would be remodelled when profit-making comes into massive crisis or when it can no longer satisfy people as well as the available alternative does. The suggestion to which one is led by these discussions is that the democratic successor will not come to be unless the employee-owned and controlled (largely cooperative) alternative to capitalist ownership and control has spread successfully to enough enterprises to constitute a visible and viable alternative. It is not, then, that employee ownership and the like are certain or highly likely, but that they are necessary for a humane successor to come about.

## 6. Change from Communism

This excurs<sup>u s</sup>~~ion~~ is a version of history (not to deny other versions), selected for the lesson to which it leads here.

The communist regimes, while using the rhetoric and the theory of the advanced capitalist working class, were established in countries that were only partially capitalist (Russia, China; also Cuba, Vietnam). Perhaps because there was no sufficient working class, Lenin and later Mao and the others offered a revolution not by the working class but by a vanguard party of (more precisely, for) that class (even though Lenin's initial rhetoric was in terms of Soviets). (Cf., e.g., A. Rosenberg, History of Bolshevism.)

In organizing the economy and the society, they created (or had to create) a centralized planned "command economy", conducted by a self-perpetuating party-leadership government that used whatever force and propaganda was needed. (The concerted opposition of capitalist governments to Bolshevik Russia does not explain its dictatorial character; granted that their opposition was indeed to the basis of communism rather than to Russia's military threat, as is seen from the intensity of the opposition in the inter-war period when Russia posed no military threat.)

The result of the party dictatorship is that there was no attempt to fit the new into the old forms within which

people knew how to live, or to know how the people felt or how the programs were succeeding. Nor was there any theory that accorded with or "justified" what was being done (other than empty uses of Marxism).

Almost all communist regimes made major economic and social improvements. And at least in Russia, industrialization was achieved (roughly up to Stalin's death), though at great cost in human life and in standard of living (but <sup>perhaps</sup> not ~~more~~ <sup>more</sup> so than in the industrialization of England or in the building of the American railroads, mutatis mutandis for all the differences in time and situation).

Thereafter, developments toward higher standards of living and greater civil rights (or less ~~civil~~ civil wrongs), which had taken place in the old capitalisms, did not take place in Russia, China, etc. This was presumably the case because the command structure (and the fact that it constituted both the economic and the political organization of power) could not fit a consumers' and choice-based economy. The bureaucracy could not modify or weaken itself: Khrushchev tried somewhat and failed, Brezhnev didn't try, Gorbachev has not succeeded so far nor has post-Mao China. (The fact that the "liberalization" of capitalism was in process from the late 19th century is not irrelevant, because the Russian leaders knew the history of capitalist development: cf. Trotzky's

"Combined development". But the Communist structure did not permit it, and has blocked it so far.)

Disaffection at the poor consumption level and the lack of human rights grew in the population, the more so that whereas the pauperized English workers of early industrial capitalism could only look to the past for something better, the communist population could look at their capitalist neighbors. Finally, the inability of Russia (and more weakly, China) to produce adequate consumer goods, either of itself or in response to the popular disaffection, led the top echelons of government to try to change the production system toward the capitalist one (the only one known or available), but without giving up their power (perestroika).

However, neither Russia nor China were able to change, blocked by the bureaucracy and by having for decades no consideration of modifications or changes in production and social life (far less change than capitalism -- for good or ill -- in the same period). Even glasnost failed to bring enough pressure from the population to change the command procedures (as in a different way the Cultural Revolution had failed). Gorbachev therefore had to turn to ending the cold war, in order to reduce the Russian military burden and to gain technologic help from the United States (and perhaps Germany). This in turn removed the Russian military shield from the Russian puppet communist regimes, leading to the East European

populations' immediate and total rejection both of communism and of Russia.

Gorbachev's insistent efforts to change the Russian economy finally roused in Russia too a strong demand for a capitalist "market economy" with privatization. As in the case of East Europe, and differently in China, the demand was made most sharply by potential middle class elements (would-be businessmen, students) but with a considerable working-class following especially in demonstrations and voting (i.e., not in the work-place situation). At the same time, workers voiced resentment against the accumulation of personal wealth, and against the "cooperatives" that communist bureaucrats (as also in China) quickly formed to carry out managerial or mercantile activities and become rapidly rich, and certainly against unemployment and the other costs of transition to capitalism. (In China, Czechoslovakia, and elsewhere the middle-class elements disregard all such hesitations.) The workers have been relatively inert in the transition. In the great miners' strike in Siberia, during the formation of the new parliament, the workers made strong demands about their work conditions, but did not demand a general reorganization around workers' councils. (As an example of worker non-capitalist attitudes and of the communist bureaucracy positioning itself to be capitalist entrepreneurs and managers, not <sup>e</sup> the NY Times report of Oct. 7, 1990 that the

Rumanian (communist) government will dismiss "thousands of managers elected by workers' committees after the December revolution. The economic minister asserted that most of the managers 'act like union representatives'."

It is clear that many Russian workers want the end of the communist command economy but not a capitalist take-over. But they know of no alternative. Neither the communists nor the working-class opponents have considered or tried any cooperative or other arrangements of organizing production and consumption (indeed, they could hardly have don<sup>e</sup><sub>λ</sub> so). As to the change-minded top leaders, they seem not to (or not to be ready to) use any structuring from below, even after several years of floundering between the unacceptable command economy and a feared and undesired complete capitalism. The catastrophe of communism has it<sup>s</sup><sub>λ</sub> present dimension because no other ways are known or even marginally available.

## Cooperative Production

### 7.1. Non-profit Production

If in various situations capitalism can relinquish profit-based decision-making to other modes (where the production involved either has to or can continue, to fill needs), the question is: can non-profit modes arise and succeed here? (By "non-profit" is meant no profit needed beyond costs -- which includes salaries -- and re-investment. In particular, there is no absolute need for maximizing the amount of profit, which can be attained only through employing people who do not fully share in the profits.)

### 7.2. Survey of the History and the Ideas of Non-profit Production

A brief critical survey of participant decision-making and ownership in production, chiefly: the Owenite collectives (including in America), Sorel's Syndicalism, the English Shop Steward Movement of the '20's, Italian workers-operation in 1920, German Arbeiterräte, the Kibbutzim, the promise to establish productional Soviets, the Yugoslav governmental workers' councils, Chinese collectives during the Japanese occupation, the Catalonian collectives during the Spanish Civil War and the cooperatives there in the '80's (e.g., Mondragon), the German Mitbestimmung after World War II, the non-bolshevik left's discussions of workers' councils (Pannekoek, K<sup>o</sup>rsch, Autogestion). Discussion of failures

and of limited successes, with note of the unpopularity of cooperatives today in Russia and China (because of the character of the Kolkhoz, and the fake cooperatives now set up by management people and leaders' sons).

### 7.3. Types of Participant Control in Production and Distribution

A brief but not cursory survey of recent and current attempts and enterprises:

Member cooperatives, especially in food distribution,

Moves to put work conditions in the hands of workers' democratic decision-process (even if under management veto).

Moves to have employee representatives on the company board (with consideration of access to information bot<sup>h</sup><sub>h</sub> for the representatives and for the workers, rotation of representatives, workers' control over their representative).

Share-owning for workers (and how to use it), e.g., in exchange for wage and condition concessions.

Employee purchase of their company, with some discussion of small and large costs. The ESOP program in America (cf. National Center for Employee Ownership in U.S., and L.O. Kelso). In addition to Weirton Steel and Avis in America, the attempts of employees to buy airlines in difficulties (United, Eastern, TWA), the not-wholly-serious proposal to buy the Greyhound Bus Lines (only nation-wide bus line in the U.S.), the Barcelona small cooperatives of the '80's with local government help.

Producers' cooperatives (not counting marketing cooperatives in agriculture, which have a different purpose and character).

Self-help credit unions (building-and-loan agencies, etc.) within unions. (Nation-wide financial instruments of unions, e.g., in turn-of-the-century Germany had a different character and history.)

Pension Funds. Union pension funds (under government regulation in the U.S.) are among the largest financial entities in America. Recently there have been calls for them to have representatives on the boards of companies in which they are major investors, with a view to influencing decisions relevant to labor. (The Teachers' pension fund, TIAA, allows for members' preferences as to where it invests.)

#### 7.4. Support within Capitalism

The entry of non-profit production does not require a one-time society-wide replacement of the existing profit criterion, but sporadic occurrences in various special circumstances. Examples of such special circumstances that favor employee-ownership, new cooperative enterprises, and the like are:

-- when a national or local government is threatened by waves of bankruptcies and a looming depression, or wants to

save a particular industry (e.g., coal, or agriculture) or even a particular company;

-- when the whole population of a more-or-less one-company town wants to save that company for its own economic welfare;

-- when creditors, the loaning banks, or even the suppliers and customers of a company in difficulty, would prefer it to continue rather than bankrupt or close;

-- when the employees would be willing to pool their savings and to take major losses in wage and hours, in order to keep their jobs -- to keep open a plant which would otherwise bankrupt, or close, or move elsewhere;

-- when a major and humanly needed industry is becoming not profitable enough to maintain capitalist investm<sup>e t</sup>~~ent~~, e.g., large-scale chemical based agriculture in America today (this possibly because of the very ways that the industry had been operated in order to meet the criterion of profit-maximization);

-- when for economic, labor-relations, or other reasons large corporations want to divest themselves of particular plants or outlets (shops), or want to break-up their massive manufacturing system into separately accounted or separately owned facilities (or subsets of plants);

-- when the government (under anti-tr<sup>u</sup>~~st~~ laws) or other factors force the break-up of industrial giants into independent companies (in different sub-industries or regions);

-- when a separated or discriminated community has to become more self-supporting, or more productive, without being attractive to capitalist investment (e.g., the American Black self-help movements of the past and of recent years);

-- when a new and capitalistically not very attractive area is opening up for increased production.

In any case because of the chaotic character of capitalist enterprise, there are almost always interstices that have not been filled either because of disadvantages (e.g., low profitability) or because they involve conditions and commitment which deter entrepreneurs.

#### 7.5. Viability.

Some considerations that ~~favor~~<sup>favor</sup> viability, even within capitalism, of non-profit production have been noted in 5.2 above. One might add that the reduced distance between decision-making and production-realities (~~as~~<sup>as</sup> against the increasing indirectness in late finance capitalism) means not only fewer middlemen (including overblown white-collar staffs) and so lower costs, but more importantly more resilience to vicissitudes of nature and of the market, and closer responsiveness to the conditions of production, the needs of producers, and the wants of the consumers. It is relevant here that the purely money cost of capitalism is very high both in

tremendous wealth piled up by the capitalists and their institutions, and in the vast non-productive occupations, as well as in the wastefulness of capitalist technology. Non-profit production may be efficient and cheaper.

There are also greater difficulties in some respects, e.g., in seasonal and other contractions and expansions in the size of work-force needed (lay-offs, temporary and part-time workers). This problem may sometimes be met by diversification of product or by inter-industry borrowing of workers.

It is also to be expected that capitalist competition and political conservatives will attempt to weaken or destroy non-profit enterprises. One would have to meet such attacks and to utilize the support available within the existing society (4 above).

#### 7.6. Growth.

One has to consider on what basis and in what ways -- and how far -- the amount of non-profit activity within society's production may be expected to grow.

#### 7.7. Maintenance of the Non-profit Character.

Even if non-profit production becomes established here and there within capitalist society, there are many dangers of its losing its character as an alternative to production-for-profit. To the extent that non-profit enterprises have

to hire outside business managers, they may become the captives of the decisions and salary demands of the managers. The elected representatives and managers coming out of the working members may develop personal interests at variance with those of the group, and may find ways of developing a position of power. The need for occasional or long-term extra workers, and the potential for making profit out of them, may lead to capitalism-like employe<sup>e</sup>s by the side of the worker-members. The members<sup>who are</sup> even temporarily in business positions may succumb to corruption from their suppliers or their customers.

Struct<sup>u</sup>ral conditions and regulations would have to be developed to preclude these possibilities, and it would be necessary to watch for needed corrections to such regulations: e.g., constant adequate and clear information on the problems of the enterprise and on the activities of all people in managerial and money-involving posts; rotation and provisions for recall of people in those posts; instruction within the group (as desired) on business and other "outside" matters of the enterprise.

#### 7.8. Relevance to Social Change.

In considering the rel<sup>ev</sup>ance of non-profit production to a more humane social environment, we have to ask first what factor makes possible the less humane features of other

societies. Among the main such factors are the society-wide employment for profit (more precisely, the fact that most people have no real possibility of earning a livelihood except by accepting employment), with the decisions being made almost entirely by the employer (almost every gain to the employee constituting a cost to the employer), and with the choice (and ability to wait without choosing) being far lesser for the would-be-employee than for the employer. A related factor is the wealth which the employer accumulates out of profit, and his ability to give <sup>well-paid</sup> jobs, which give the big employers, and those in the top   echelon of the capitalist decision process, great influence over the actions, and even the understandings, of social institutions and of the population in general.

In view of this, the existence of growing viable non-profit production would first reduce the power of capitalism and its institutions, and reduce the dependence of the population on them by offering an alternative; and second it would provide the population with an alternative way of deciding and organizing production, something which could replace some or all of profit-maximizing decision-making in the event of overwhelming capitalist crisis or of major social upheavals.

In sum: The growth and viability of non-profit production is not assured, but has reasonable possibilities. And its

maintenance of a non-profit character is not assured, but one can work for it. What is almost assured is that when the existing capitalist system begins to change massively, the development of a more humane and democratic society as its successor will have little chance unless wide-spread forms of non-profit production exist to which the public can turn.

## 8. Socio-Economic Grass-Roots Activism

### 1. Plan of the Chapter.

This chapter will deal with actions and attitudes ~~in~~ that oppose ~~to~~ <sup>e/</sup> conditions of life in capitalism, arranged by content (i.e., what the actions oppose) and by form (i.e., how the actions are organized). The survey will follow the distinction made in Chapters 3, 5 between relinquishing decision-making behind (to governments and public bodies) and below (to the workers involved). In content, the distinction is made between (a) society-wide issues such as conquest of power (by revolution or by election) or spreading a general radical "mindset", as against (b) single-issue and local needs or particular problems such as consumer protection and opposition to the influence of wealth on politics and institutions. In form, the distinction is between (a) society-wide organizations such as political parties or mass demonstrations, as against (b) voluntary grass-roots efforts (local or wide-spread) to oppose something or to actually carry out some new socio-economic arrangement. In issues and in form, (a) above conforms to the potential for a governmental successor to capitalism (which may turn out to be at least partially democratic, but will more likely be a stable oligarchy), while (b) above conforms to the potential for a cooperative and essentially democratic successor to capitalism controlled from below. The grass-roots activism may be seen as a parallel development supportive of non-profit local production.

9. Indications from the History and  
Theory of Social Change.

In analyzing a society, the <sup>x</sup>ep<sub>^</sub>erience of other societies (including the past of the same society) has to be considered, because there may be some widespread properties of social structure and social change relevant to the given society. (Even the over-all course of social development of the human species may be not without some implications as to the possibilities of development in a given society.) Such considerations must, obviously, be critically controlled for possible relevance to the given society.

A major difference between the succession after capitalism and that after previous societies may be that in the past potential new élites either moved into the directing (ruling) position almost by default with the failure of the previous economic-political system, or else supplied some additional attitudes and direction to the energy of upheaval in the dissatisfied ruled population. Given the technology (and educational level of many people) of today it is conceivable that the growth of non-profit production which is allowed for by the "chaotic" structure of capitalism (increasingly in its coming difficulties) will permit the building up of a democratic system of production interrelations directed from below. This in turn would promote a corresponding political system.

Brief surveys will be offered of some relevant history and theory.

Note is made here of only a few of the most relevant historical areas:

- Conditions of life, including the economy and government, preceding capitalism and upon its entry (e.g., Braudel).
- History of capitalism and analysis of working-class response (esp., G.D.H. Cole, Eric Hobsbawm, George Rudé).
- Analyses of how social forces play out politically (e.g., A. Rosenberg, Birth of the German Republic).
- Detailed description of current capitalist economic structure, and related social and political conditions (a tremendous literature).

Theories of social change and, in particular, of capitalism and its working class have introduced many of the methods and observations presented in the preceding chapters, although assessments of the current situation have to be made afresh from time to time.

- The structure of capitalism (Adam Smith, Ricardo).
- Later developments in capitalism (Keynes, Joan Robinson).
- Sociological analysis of capitalism and its working class (Marx, Rosa Luxembour, A. Pannekoek, Karl Korsch, Paul Mattick).