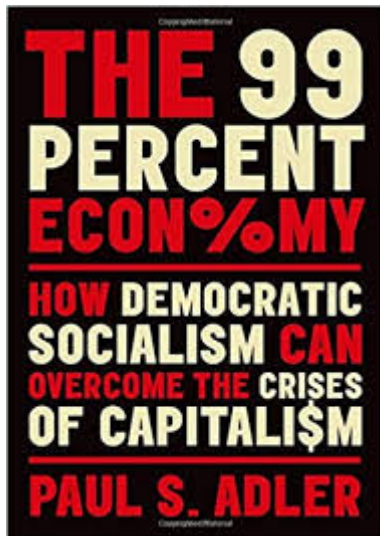
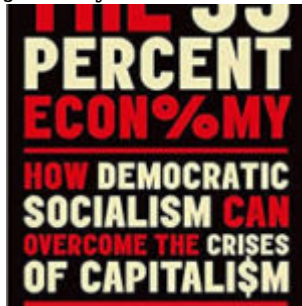


The Case for Socialism

January 11, 2020



Various books have been published in the last few years that make a case for a transition to socialism. This one has a special “edge”: it’s written by the Harold Quinton chair of business policy, and professor of management and organization, environmental studies, and sociology, at the University of Southern California. Such people are rarely reds. But Paul S. Adler isn’t merely a traitor to his profession—he’s written a book that has a real chance at winning over college students and graduates who’ve absorbed the dogma usually dished out in Econ 101 classes, not to mention working-class people generally who, even now, believe themselves to be millionaires-in-waiting. And he isn’t presenting socialism as a regulative ideal or good idea; this management scholar makes clear that strategic management of global resources “is far too important to be left to managers” and democratic control of “society’s overall economic activity” is a *necessity* (5).

Those who hope *The 99 Percent Economy* is a work steeped in Marxian value theory will be disappointed; no value theory is here. But this doesn’t diminish the usefulness, or implicit Marxism, of Adler’s book. He’s explicit that the “six crises” of the twenty-first century—economic irrationality, workplace disempowerment, unresponsive government, environmental unsustainability, social disintegration, and international conflict—will not be positively resolved under capitalism. The “root cause” of these crises is capitalism itself, defined as “private enterprise and production for profit” (22), with its inevitable corollary being that government’s role under capitalism is “basically limited to buttressing the private sector’s activity” (34). Here, more could have been said about why the state within capitalism is a *capitalist state*. It isn’t only that government is subject to “the veto power of business”; each state is “organically” tied to financial markets and part of an *international* state system subject to global capitalist markets, with standing armies that act, as historian Arthur Rosenberg once wrote, as “a state within a state.” However, Adler does effectively endorse Marx’s theory of the main cause of capitalist crisis as outlined in *Capital Vol. III*: the tendency of the rate of profit to fall as capital investment grows more quickly than labor. Echoing Michael Roberts, who has written about how the profitability of capital remains “too low” and the debt built up before the

Lesser Depression “too high,” Adler writes that a “full recovery”—a restoration of capital’s profitability—will require a “massive wave of liquidation,” with all the accompanying misery that this implies. He points out that without World War II, the Great Depression “would have continued even longer than it did” (27). And he understands that Green Capitalism is a pipe dream:

Unlike economic cycles, where recessions eventually create conditions that encourage an upturn, ... environmental degradation does not necessarily produce any counteracting, attractive investment opportunities. ... [P]lunder boosts the corporate bottom line and the value of the wealthy elite’s stock holdings. ... [G]iven how slow we have been to act since we became aware of the threat of global warming, it is not clear that capitalism as a system can even survive. (38-9)

In addition, when writing of how the growing interdependence of economic activity progressively “socializes” (in a capitalist way) “society’s productive capabilities” (50), Adler echoes Engels’ statement that “[t]he contradiction between socialized production and capitalistic appropriation now presents itself as an antagonism between the organization of production in the individual workshop and the anarchy of production in society generally.” Today, 140 years after Engels’ *Socialism: Utopian and Scientific* was published, such capitalist socialization breeds “network economies” that “appear where the value of an asset grows as more people use it”—with the result that such concentrated technology giants as Facebook and Google “wield enormous, and largely unchecked, monopoly power” (54-5).

Adler also does an excellent job of making clear the limits of reform under capitalism. “Ethical capitalism”—corporate social responsibility and such—is a nonstarter, as “on average, becoming more ethical does nothing for a firm’s profitability” (61). Even cooperatives, within the context of capitalist markets, may have fewer layoffs than traditional capitalist firms, but “they typically pay lower wages and their wage levels are more volatile” (63). Greater government regulation of capitalism would be welcome, of course, but it too is incapable of dealing with Adler’s “six crises,” as capitalist opposition to higher tax rates and “encroachments on the prerogatives of the private sector” (66) would likely ensure the permanence of the crisis of unresponsive government, especially in the international arena.

As for social democracy, looking abroad to the Nordic countries may provide us with a sort of list of reforms that we must fight for while living under capitalism, but even social-democratic capitalism is incapable of overcoming the “six crises” as the social-democratic “model” never seriously interferes with the business sector’s profitability. Adler should especially be given credit for pointing out that the Nordic countries all have rates of youth unemployment that exceed that of the United States; that their wealth remains concentrated in very few hands; that they are no more ecologically sound than some considerably less social-democratic European countries, with Norway being especially dependent on oil and gas exports; and that Sweden, once seen as a sort of reformist Valhalla, has a huge private weapons-export sector that even now sells arms to Saudi Arabia.

The basis upon which Adler makes his case for democratic socialism (as opposed to social democracy) is partly familiar. It draws upon the writings of socialist economists like Pat Devine and David Laibman, who have made strong cases for comprehensive social ownership and democratic planning, with all major enterprises managed day-to-day by their workers but ultimately governed by representatives of all groups affected by their activities, and with market exchange used as a means of implementing societywide “strategic management.” Prices, which will be necessary for most consumer goods for a long time, would “incorporate the costs of various externalities—such as pollution—and our concern for the more-distant future—by taxing carbon emissions, for example”

(127). Differences in income would be quite small and “bonuses will be designed to support a socialist ethic of interdependence and contribution to the general good by rewarding both groups and individuals for that contribution,” especially when people are working in “jobs that offer limited intrinsic interest” (133). Firms will be rewarded for “superior performance on social and environmental dimensions” (190). Perhaps Adler could have said more about overcoming the divide between mental and manual labor, but he does make clear that no one in socialist society would be stuck doing meaningless work out of the fear of unemployment. Thankfully, Adler has no illusions about “socialism in one country”:

[T]he socialization of production is now thoroughly global in scope, and the tension between socialized production and private property plays out ... also in the international arena. The socialist resolution ... lies in the creation of correspondingly globalized forums for the democratic management of the global economy. ... [C]onservatives are appalled by the idea of a world government; socialists embrace it. (142)

Where Adler’s book genuinely diverges from others that argue for socialism is in its invocation of the strategic management methods of large corporations such as Kaiser Permanente, IBM, New United Motor Manufacturing, Inc. (NUMMI, operating under Toyota’s day-to-day control until the plant was closed in 2010), and the Government Services division of the Computer Science Corporation. He labels his examples “high-road firms” that embrace one or more of the organizational principles he calls collaborative strategizing, collaborative innovating, collaborative learning, and collaborative working.

On the surface level it seems that Adler is praising “high-road capitalism” because his “high-road” examples emphasize “working together to define both our goals and what we need to meet these goals” (79). But Adler’s point is barely distant from those who cite the “central planning” of every transnational corporation to prove the feasibility of socialist planning. He’s well aware of the constraints of attempting to implement this list of organizational principles within the context of capitalism, pointing out that the great size of high-road firms “gave each control over a vast array of activities that were thereby shielded from the centrifugal effects of market competition. ... [I]nternally, these firms’ commitment to a high-road approach moderated the centrifugal effects of the capitalist employment relation” (109), with “outside” factors such as unionization also playing a role.

Adler also admits that “in every case the implementation of the four principles was limited,” but “the success, albeit limited, of these principles on such a large scale as in these firms should give us confidence that under socialist conditions they can be deployed even more widely and more systematically to ensure that our management of the economy will be both democratic and effective” (110-1). In other words, principles that can only partially, under optimal conditions, be realized within capitalism can only be fully realized within socialism, with the end of “the power of capital over labor and competition over cooperation” (111). Stressing this point doesn’t make Adler an advocate of class collaboration; if anything, it shows us how even “high-road capitalism” suffers from unrepairable defects.

Where *The 99 Percent Economy* does stumble somewhat is where other books on the transition from capitalism to socialism have stumbled: getting from here to there. Adler mentions economic and environmental crises—to his credit, he presents them as intertwined—and claims that “effective leadership” could steer “irresistible public pressure to transform radically our economy in a more sustainable direction” (149) or a mass movement that succeeds in achieving ever-more-radical reform could lead to a *political* crisis, which he doesn’t spell out in any detail. He stresses the

inevitability of resistance from the capitalist class, which is true, but he has nothing to say about resistance from *the state*. The two aren't synonymous. It can never be stressed enough: The most important prerequisite for a transition out of capitalism is recruitment and education within the armed forces. The end of conscription in the United States may make this especially difficult. It must be done anyway. Otherwise the opportunities presented by any sort of crisis (and a crisis, if it's really worth the name, is always political) will quickly turn to tragedy. To paraphrase Rosa Luxemburg, either the taking of political power by the working class through the dissolution of the coherence of the armed forces of capitalist states, or capitalist barbarism. There is no other road to socialism.

Adler sees the need for a socialist party. He's specific about what that means: not a mere electoral machine but "one that is rooted in neighborhoods and workplaces where people can discuss both local and national issues, act on them together, formulate proposals for wider discussion, elect leaders to represent them, express their views on proposals coming from that leadership, and thus form a coherent political organization with a shared purpose" (151). But he also argues, in essence, for realigning the Democratic Party. At this late date, one hardly knows how to respond. How is it possible to realign what isn't even a real party—an independent organization with a clearly defined structure and dues-paying "ordinary" members—in the first place? How does one change a nonparty into a party? The task is virtually harder than overturning capitalism itself. At the very least Adler ought to be advocating the "dirty break" with the Democrats that is now an official Democratic Socialists of America position. But for all of his discussion of business resistance to reform, he says nothing of how to overcome the resistance of the Democratic representatives of the ruling class to having their "party" turned into a "consistent voice for progressive change" (151). The possibility of Alexandria Ocasio-Cortez taking over Nancy Pelosi's position "within" the Democratic Party is virtually nil.

Nevertheless, despite its shortcomings when discussing political strategy, *The 99 Percent Economy* is an essential read, especially for those new to the very concept of socialism or doubtful of its feasibility. I can think of few books that so convincingly prove, in such clear prose, that capitalism is incapable of meeting the needs of most of humanity, that it must be replaced with a system that does meet humanity's needs, and that such a system is not only desirable but practicable. Buy this book—and then lend it to your "socialism-skeptical" family and friends.

Notes

1. Which is to say that the capitalist state "has its own processes and integrity; in short, whatever the ways in which external conditions affect it, the state retains what the Austrian socialist theorist Max Adler called an 'internal dynamic.' This dynamic stems from the prerequisites for instituting and maintaining the given process of production and accumulation. ... [T]he state rises above the 'selfish' interests of particular capitalists precisely in order to realize the political hegemony of the capitalist class as a whole." Stephen Eric Bronner, *Imagining the Possible: Radical Politics for Conservative Times* (New York: Routledge, 2002), 152-3.
2. Michael Roberts, *The Long Depression* (Chicago: Haymarket Books, 2016), 270.
3. Frederick Engels, *Socialism: Utopian and Scientific* (1880), *Marxists Internet Archive*.
4. As Adler rightly points out, a national economic council is needed to set goals and benchmark ("full") prices for society's main products. This diverges sharply from capitalist pricing, as "the cost of lost biodiversity, or of the loss of neighborhood ethnic diversity, cannot be reduced to measurement in dollars" (189).
5. For a similar perspective, see Jason Schulman, "Conceptualizing the future: Marx's value theory and the debate on markets and planning," *Studies in Political Economy* (Vol. 10, No. 1,

2019), 1-17.